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## U.S. Latin Offer Seen as a Ploy

Managua's Expected Rejection Could Assure Contra Aid

By Joel Brinkley  
*New York Times Service*

**WASHINGTON** — As it has before, the Reagan administration offered its latest Central American peace plan in the full expectation that Nicaragua would reject it, several administration officials said.

That scenario, White House officials said, would help assure the approval in Congress of renewed aid to the contras. Under the plan, which was put forward Wednesday, the United States would press ahead with aid to the contras unless Nicaragua accepted a cease-fire and democratic reforms.

The strategy has worked before. When President Ronald Reagan offered a Nicaraguan peace plan in April 1985, the Sandinista foreign minister, the Reverend Miguel d'Escoto Brockmann, waited not even 24 hours before declaring: "What President Reagan has said is: 'You drop dead or I will kill you.'" Formal rejection followed a day later, and Congress approved \$27 million in nonmilitary aid to the contras less than two months after that.

Nicaragua was not so quick to condemn the latest plan — realizing, a government adviser said, that a quick rejection would play into the White House's hand and perhaps tip the balance in Congress in favor of renewed contra aid.

[President Daniel Ortega Saavedra of Nicaragua said Thursday that refusal by the United States to negotiate directly with his government would make President Reagan's new peace initiative "a

publicity stunt." The Associated Press reported from Guatemala City.]

[Mr. Ortega, arriving for a two-day summit meeting of five Central American presidents, reiterated his call, first made Wednesday, for direct talks between Managua and Washington.]

[We have accepted an invitation to talk, to seek peace through negotiations with the United

### NEWS ANALYSIS

States," he said. "If the United States rejects direct talks with us, the whole thing is a sham, a publicity stunt designed to impress whoever they think is gullible enough.]

In Washington, Secretary of State George P. Shultz responded coolly to Mr. Ortega's proposal for the two countries to hold discussions on Mr. Reagan's initiative.

"I think it is critical to establish that there is no way the United States would want to sit down with Nicaragua to decide what is right for Central America," Mr. Shultz said. "That has to be done by all the Central American countries."

Father d'Escoto, speaking Wednesday in Guatemala, said, "I have profound suspicion over anything Reagan does." But in Washington, the Nicaraguan ambassador, Carlos Tunnermann Berthoin, said, "We find several very positive and interesting elements" that we can work with and can be improved.

Officials acknowledged that part of the White

See PEACE, Page 6

### Kiosk

#### Koch Is Taken To N.Y. Hospital

**NEW YORK (AP)** — Mayor Edward I. Koch of New York was hospitalized Thursday after complaining of nausea, dizziness and slurred speech. He was listed in good condition.

A hospital spokesman said doctors were considering the possibility that Mr. Koch, 62, suffered from an ailment known as TIA, or transient ischemic attack, a temporary disorder that causes a diminished flow of oxygen to the brain.



Edward I. Koch

#### GENERAL NEWS

**■ David Owen quit as leader of Britain's Social Democratic Party after a merger with the Liberals was approved. Page 2.**

**■ A dredging vote of confidence made clear the instability of Giovanni Goria's coalition in Italy. Page 5.**

#### BUSINESS/FINANCE

**■ The proposed merger between British Airways and British Caledonian has been thrown into doubt. Page 9.**

**Dow close: UP 27.58  
The dollar in New York:  
DM E Yen FF  
1.8845 1.5765 151.50 6.2795**

#### To Our Readers

Because of a power failure at our Paris printing plant, delivery of some copies of Thursday's Herald Tribune was delayed. We regret the inconvenience.

## Fearing Attack, UNITA Alters Guerrilla Strategy

By William Claiborne  
*Washington Post Service*

**CHAMBIANGA, Angola** — By all appearances, the inhospitable savannah around this sun-scorched hamlet is deserted, except for the occasional warthog rooting in the deep sand or a pair of antelopes nervously sniffing for predators.

Suddenly, a clump of thorny foliage moves, revealing four camouflaged guerrillas manning an anti-tank gun pointed menacingly to the west. Nearby, light machine-gun emplacements protect a wire-guided TOW anti-tank missile position, and the eye begins to discern through the concealing foliage, bazookas, recoilless rifles and hundreds of combat-ready soldiers.

The stillness is abruptly shattered as nearby artillery batteries unleash salvoes of mortar shells and Katyusha rockets, answered in minutes by enemy mortar fire that falls far wide of its target.

The classic defensive deployment is not a welcome position for the anti-communist rebels of Jonas

## On Sidelines, Bush Says Hearings Acquitted Him

By David S. Broder  
*Washington Post Service*

**WASHINGTON** — Vice President George Bush, claiming his truthfulness had been vindicated in the Iran-contra hearings, says that he cannot be fairly criticized by opponents in the 1988 presidential campaign because he was "denied information" about what was going on.

In an interview Wednesday, Mr. Bush blamed members of the congressional investigating committee, which completed their public hearings that week, for what he said was his "distorted view" that "I was lying."

"They just kept pounding away that everything was wrong, everything was evil," starting with the idea that "the president must have known about the diversion of funds to the Nicaraguan rebels, or contras," Mr. Bush said. "I've said all along I didn't know about the diversion of funds, and I think people may now understand I was telling the truth."

Mr. Bush, the leading contender for the Republican presidential nomination, said he had not advised the president against selling arms to Iran, in part because he never heard strong opposition to that policy from such officials as Secretary of State George P. Shultz and Secretary of Defense Caspar W. Weinberger.

"If I'd have sat there and heard George Shultz and Caspar express it strongly," he said, "maybe I would have had a stronger view. But when you don't know something, it's hard to react."

"We were not in the loop," Mr. Bush added.

The vice president said he had no idea that there was anything like a "raging fight" over the arms sales between Mr. Shultz and Mr. Weinberger on the one hand and top officials of the National Security Council and the CIA on the other.

Asked repeatedly if he was unaware of the Shultz-Weinberger objections, Mr. Bush said: "I didn't attend the meeting where that was brought up, apparently with great vehemence. I was off at the Army-Navy football game" on Dec. 7, 1983, "and none of them ever came to me at other times to discuss their objections."

Mr. Bush did not mention a subsequent meeting, on Jan. 7, 1986, where, according to their testimony and other evidence, Mr. Shultz and Mr. Weinberger again expressed

their strong disapproval to President Ronald Reagan of U.S. arms sales to Iran.

Mr. Weinberger testified last week that he and Mr. Shultz "made all of the same arguments with increasing force" at that session. Mr. Bush was present at that meeting and, according to Mr. Shultz, joined Vice Admiral John M. Poindexter, then the national security adviser, and William J. Casey, then the CIA director, in favoring more arms sales to Iran. Mr. Casey died in May.

Asked later Wednesday about that Jan. 7 meeting, Mr. Bush's chief of staff, Craig Fuller, said, "If he was there for all of it, he doesn't recall it as a showdown session, and it's possible he wasn't there for all of it."

The hearings produced no testimony indicating that Mr. Bush was vocal at any point in the discussions on the arms sales, even though he formerly held the post of CIA director, ran the administration's task force on terrorism and was in charge of overseeing the economy and rekindling inflation.

The government has pledged to cut inflation further from the 4.2 percent in June, although analysts expect a rise to 4.4 percent for July.

Growth in gross domestic product excluding the oil sector is running at about 4.50 percent. GDP measures a nation's goods and services excluding income from foreign investment.

Interest rates had been steady since May, after dropping in half-point increments from 11 percent in March. Many analysts had attributed the decline to the desire of the ruling Conservative Party to increase the supply of money and thus stimulate the economy ahead of an election, which was held in June.

Even before the Conservatives won the election, analysts had said that given the fast pace of money —

See RATE, Page 6

States. There are a lot of Khomenei supporters in this country."

[Secretary of State George P.

Shultz, during a news conference

Thursday in Washington, said,

"Naturally, we have to be on the alert in our various installations."

"We're alert to things," Mr. Shultz said, "and prepared to take action if we need to."

[The secretary repeated Reagan

administration assertions that the U.S. flotilla in the Gulf was not provocative and added, "I don't think there's any prospect at all we'll be drawn into a shooting war.]

Government officials said the West European countries were

considering putting together a mine-sweeping force on their own.

In Rome, Foreign Minister Giulio Andreotti said that the West

Europeans appeared to prefer carrying out such operations under United Nations auspices.

Mr. Andreotti said: "The prevailing view is that priority must be given to political support for action undertaken within the United Nations."

U.S. officials said the most recent intelligence assessments by the Defense Intelligence Agency rated the threat of Iranian terrorism as high and had mentioned both U.S. installations abroad and within the United States.

The officials said it was impossible to determine whether the activity represented contingency planning, serious preparation for attack or an attempt at psychological warfare by Tehran.

"They may just be jerking our chain," an official said.

In recent weeks, as the United States has increased its naval presence in the Gulf and tensions with

See TARGETS, Page 6

## Bank Lifts Key Rate In Britain

### Market Plunge Follows Move to Defend Pound

*International Herald Tribune*

**LONDON** — The Bank of England jolted British financial markets on Thursday by forcing key interest rates up a full percentage point in a stated attempt to forestall inflation. The move sent stock and bond prices plummeting, with a key stock index falling a record 56 points.

The central bank raised its benchmark lending rate a full point to 9.875 percent, and Britain's four major clearing banks promptly raised their base lending rates to 10 percent from 9 percent.

The Bank of England wanted to take the markets by surprise — and they succeeded, "said Keith Skeoch, chief economist with James Capel & Co., the London brokerage firm.

Sterling reacted by firming against most major currencies. But the dollar was stronger, and the pound slipped to \$1.5750 from \$1.5780 on Wednesday. On its trade-weighted index against a basket of currencies, the pound was unchanged at 72.1.

Nigel Lawson, chancellor of the Exchequer, said the central bank's move was aimed at keeping inflation low in the midst of an economic boom.

"We have the fastest rate of growth of all the major countries in the world and we have inflation low — and I want to keep it that way," he said.

Analysts said the bank was apparently worried that the current consumer spending boom, fueled by relatively cheap money, was in danger of overheating the economy and rekindling inflation.

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Even before the Conservatives won the election, analysts had said that given the fast pace of money —

See RATE, Page 6



PATH TO FREEDOM BARRED — A Vietnamese refugee awaiting word on his fate at a holding center in Hong Kong, which is being flooded by would-be immigrants from southern China. Thousands who have recently arrived face an uncertain future. Page 2.

## Tehran Extends Exercises

### Gulf Maneuvers Haven't Slowed Oil Shipments

By Alan Cowell  
*New York Times Service*

**DUBAI, United Arab Emirates** — Iran said Thursday that it had extended through Friday its naval maneuvers in strategic areas of the Gulf.

Shipping agents in Dubai reported, however, that the exercises, depicted by Tehran as a challenge to the U.S. naval presence in the Gulf, had not slowed oil shipments through the Strait of Hormuz at the mouth of the waterway.

Western diplomats elsewhere in the region noted, moreover, that since the United Nations Security Council passed a cease-fire resolution

The United States is moving to tighten restrictions on trade with Iran. Page 6.

tion last month, Iraq had not resumed hostilities against Iranian shipping in what is called the "tanker war," enabling Tehran to avoid retaliation and thus establishing a de facto cease-fire in the waterway.

Iranian radio said Thursday that the Gulf maneuvers had been extended until midnight Friday. It gave no reason for the move. The broadcast repeated a warning to foreign ships and aircraft to "avoid approaching the area of the maneuvers in the Persian Gulf, the Strait of Hormuz and the Sea of Oman."

"The Islamic Republic of Iran will not be held responsible for the danger to these planes and ships that approach due to the use of missiles and shells," the radio said.

[The Iranian press agency said that naval units intercepted and searched 15 cargo ships and oil tankers Wednesday in the Strait of Hormuz but that the vessels were allowed to go because no Iraq-bound goods were found aboard. The Associated Press reported from Manama, Bahrain.]

In its account of the exercises, which has not been verified by independent sources, Iranian radio said that pilotless aircraft, frigates and patrol boats laden with explosives had staged mock attacks and that units of the Revolutionary Guards had practiced attacks on ships and islands.

The radio said the exercises showed "part of the military power to carry out martyrdom-seeking attacks against international arrogance in the Gulf."

In revolutionary parlance in Iran, "international arrogance" usually means the United States.

At the start of the maneuvers Tuesday, shipping officials in Dubai reported a drastic reduction in shipping through the Strait of Hormuz, possibly as a result of a major Islamic holiday that drastically cut traffic to some ports.

Shipping agents said Thursday that many cargo vessels had put off berthing at Gulf ports because of the holiday, but that in competitive oil tanker charter markets, ships continued to ply Gulf waters, carrying an average of seven million to eight million barrels of oil a day.

About 65 tankers were moored outside the Gulf awaiting chartering or replenishing, or acting as floating storage, agents said.

It was estimated that since Tuesday afternoon, 17 vessels had passed through the Strait of Hormuz. Shipping agents said these ships were steering well clear of Iranian exclusion zones.

Tension in the Gulf has been mounting steadily in recent weeks with a U.S. decision to refuel Kuwaiti ships.

See GULF, Page 6

## At JFK, an End to 'Abysmal' Delays

### Immigration Trims Waiting Time for Foreign Visitors

By Elizabeth Neuffer  
*New York Times Service*

**NEW YORK** — The excruciating delays foreign travelers have experienced through immigration at Kennedy International

## China's Army Fighting To Live Up to Its Image

Despite Campaign to Modernize, Inefficiency, Low Morale Persist

By Daniel Southerland  
*Washington Post Service*

BEIJING — The Chinese Army, celebrating its 60th anniversary, has dominated the news this year, portraying itself as a modernizing force opening up to the outside world.

The army, which has traditionally valued secrecy and viewed foreigners with mistrust, even announced that it would start sending promising young officers to study in military academies abroad.

Nevertheless, according to some foreign military experts, the world's largest fighting force remains more than 20 years behind the leading powers in its weapons technology, is top-heavy with officers who enjoy special privileges, and, in some units, is plagued by poor morale.

High Chinese military officials assert that they have succeeded in reducing the army's ranks by a million men, or nearly one-fourth of the total, in an effort to make it leaner and more efficient. But one foreign expert said that it has apparently taken the leadership longer than was originally expected to reduce the army's size because of resistance from officers who cherish their privileges and influence.

The anniversary has produced a steady stream of television programs, books and newspaper articles describing the history of the army and praising its efforts to modernize. The public image is one of an invulnerable, computerized fighting force.

But a careful reading of speeches by military leaders in recent days gives the impression that they are on the defensive.

Yang Shangkun, vice chairman of the Central Military Commission, said: "It is very dangerous to neglect the modernization of the military on the assumption that a large-scale war is not possible for a period of time."

Mr. Yang, who is close to the senior leader, Deng Xiaoping,

warned against "a weakening concept of national defense and a slackening of vigilance." The veteran revolutionary said that "even people in the military" might not understand the need to strengthen the army.

Some observers said that Mr. Yang appeared to be fighting to maintain the army's influence within the Communist Party as the party approaches a major congress this October. The congress is expected to produce major shifts in the party's senior leadership.

With party leaders emphasizing economic development over military spending in recent years, the army has suffered a number of blows to its power and prestige.

The percentage of the state budget devoted to military expenditures has dropped, according to Defense Minister Zhang Aiping. Mr. Deng and his allies have sharply reduced military representation in the Politburo and Central Committee. Hundreds of defense factories have been diverted to civilian production.

For more than a decade, Mr. Deng has advocated the need to cut the size of the country's "bloated" army. One hidden aim of the troop cuts may be to eliminate older officers who oppose his economic policies.

To entice older officers to retire, Mr. Deng has had to guarantee a continuation of full pay and many of the same privileges.

He has made some headway, according to one American expert on China's military. June Teitel Dreyer, a professor at the University of Miami, describes the current demobilization effort as a "qualified success."

For one thing, she says, the median age of Chinese military commanders has been lowered by eight years since 1985, with the newer people better educated than their predecessors.

In the meantime, Chinese military officials maintain, the country is still facing threats to its security.

In a recent interview with the official news agency, Xinhua, Defense Minister Zhang said that "the border areas of our country are still threatened." He accused Soviet-supported Vietnam of "making ceaseless efforts to invade us."

A foreign military attaché said that the morale of Chinese troops serving along the Vietnam border appeared to be high but that in some other units lacking a real mission, morale was low.

Middle-aged officers in those units are unhappy with their low salaries but lack the skills needed to make a good living when they are retired from the army, the attaché said.

A monthly magazine, "Life in the PLA," pointed to drunkenness and theft as problems that trouble some army units. The magazine said members of one unit not only stole coal but also, at demobilization, walked off with about 100 unfired coats.

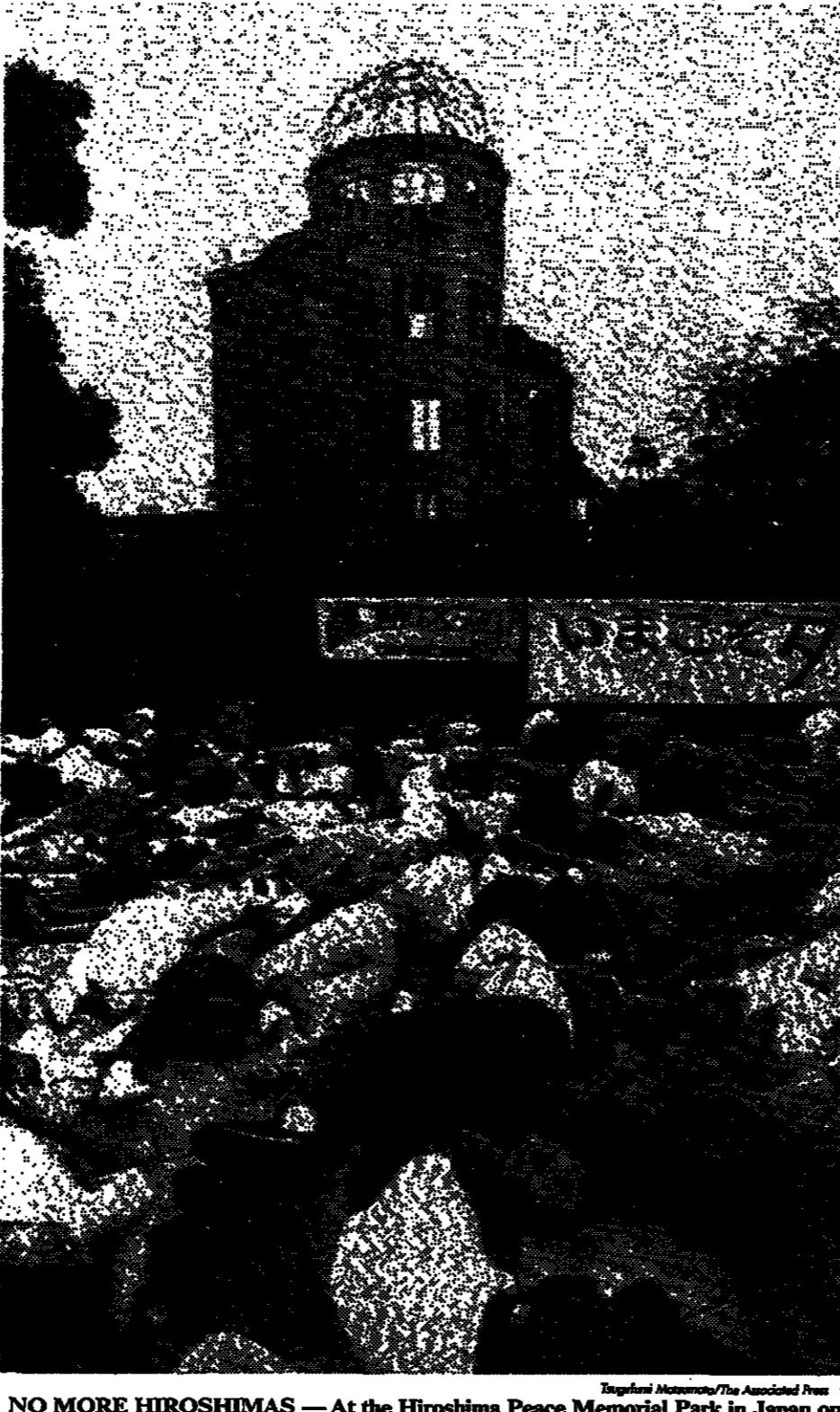
Many Chinese resent the special privileges top army officers enjoy, including chauffeur-driven Mercedes cars and much better food and housing than is available to the average Chinese.

Last Friday, 4,000 people met at the Great Hall of the People to mark the army anniversary. Among those attending was Hu Yaobang, the former chief of the Communist Party, who was forced from power in 1989.

Senior military commanders are said to have disliked Mr. Hu, and some sources believe that this enmity contributed to his downfall. Mr. Hu appeared at the meeting, it seems, to demonstrate unity within the army and leadership.

But some Chinese were skeptical of all the publicity surrounding the army.

"If the army's prestige is so high, why do they have to keep telling us about it?" asked one Chinese journalist.



*Associated Press*  
NO MORE HIROSHIMAS — At the Hiroshima Peace Memorial Park in Japan on Thursday, a group dramatized the deaths that occurred during the atomic bombing 42 years ago. A domed monument at the park, in the background, signifies the destruction.

### UN Rights Unit to Suriname

THE HAGUE — A team of six United Nations investigators will visit Suriname, a former Dutch colony in South America, later this month to investigate reports of human rights abuses, the Dutch news agency ANP reported Thursday.

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## Hong Kong's New Tide of Refugees

Vietnamese Flooding in From China Face Uncertain Fate

By Patrick Smith  
*International Herald Tribune*

HONG KONG — Thousands of Vietnamese refugees, many of whom settled in China almost a decade ago, are flooding into Hong Kong, forcing the administration to open new holding centers.

In the past week, almost 1,200 refugees, on more than two dozen boats, have been intercepted and placed in temporary quarantine by marine police patrols. All but a handful came from Guangdong Province and the Guangxi Zhuang autonomous region in southern China.

More than 3,000 Vietnamese have arrived from the mainland since July, when the influx began, compared with less than 100 in the first half of the year.

These arrivals are separate from the flow of refugees coming directly by boat from Vietnam. This, too, has been increasing this year, after doubling in 1986.

Officials believe the influx was sparked by rumors that resettlement

from Hong Kong to other countries is to increase, or that refugees would be granted the right to live in Hong Kong. In fact, mainland residents are sent back to China when they are apprehended trying to enter the colony illegally.

China is cooperating to control the flow of Vietnamese from the southern provinces, according to Hong Kong officials, and to hasten the process by which they will be accepted back on the mainland.

Despite some local resistance, the government reopened a refugee holding center on Thursday that had been closed last year. A former military installation is to be converted into a temporary camp within the next few days.

At present, the new refugees are being held on barges and on ferries normally used for harbor crossings.

Most criticism of Hong Kong's refugee program centers on its cost, which is roughly \$15 million a year.

In addition to the new boat people from the mainland, Hong Kong now has about 8,000 Vietnamese in four holding centers. Some have lived in the camps for almost a decade.

In May, Britain announced that it would effectively halve its accep-

tance rate from Hong Kong to about 20 refugees per month.

Accordingly, government officials are adamant that those arriving from the mainland will be treated as illegal immigrants.

These people will be kept in detention centers, not refugee camps," an official said Thursday, "and they will definitely be repatriated to the mainland."

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## Shevardnadze Stands Firm On Removal Of Pershings

By Paul Lewis  
*New York Times Service*

GENEVA — The Soviet foreign minister, Eduard A. Shevardnadze, called Thursday for the removal of U.S. nuclear warheads from West Germany's Pershing I-A missiles and accused Bonn of undermining the Nuclear Nonproliferation Treaty.

In a hard-line speech to the 40-nation United Nations Disarmament Conference that contained no hint of compromise, Mr. Shevardnadze said that West Germany, by trying to retain the missiles, was violating the 1988 treaty, which prohibits signatory countries from acquiring nuclear weapons.

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He said Germany's insistence on keeping the missiles was the principal obstacle to an agreement to eliminate both superpowers' short- and medium-range nuclear arsenals.

"Seventy-two U.S. nuclear warheads now stand between us and an agreement on intermediate and shorter range missiles," said Mr. Shevardnadze, speaking on the anniversary of the U.S. bombing of Hiroshima 42 years ago. "We have done all in our power. We have removed everything that could stand in the way of an agreement."

He added: "Our partners have found the snags. The main one is Pershing I-A missile."

U.S. disarmament negotiators reacted to Mr. Shevardnadze's speech by accusing him of "intimidating" West Germany.

A U.S. official said: "The Federal Republic of Germany, facing massive conventional and nuclear weapons from the East, is understandably concerned about its security. We share that concern, as does the whole NATO alliance."

The official described the Soviet foreign minister's speech as "positive" insofar as it acknowledged that a nuclear missile agreement was close. The official urged a reduction in the level of rhetorical offense" and a return to "serious and quiet negotiation."

In an unyielding stance in advance of expected talks with the senior U.S. arms negotiator, Max M. Kampelman, who flew in from Washington for the meeting, U.S. officials said the speech appeared to rule out any quick compromise on the German missile issue at the disarmament discussions here.

The chief U.S. delegate to the conference, Max L. Friederichs, repeated the Reagan administration's view that the Pershings in Germany would match them in Eastern Europe, rendering the proposed disarmament agreement "truncated, emasculated and anemic."

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## WORLD BRIEFS

### Sri Lanka Orders Tamil Rebels Freed

COLOMBO, Sri Lanka (Reuters) — Sri Lanka ordered the release of about 4,000 suspected Tamil guerrillas Thursday and said the first group could be sent to the Tamil-dominated Jaffna peninsula as soon as Friday.

Diplomats and Sri Lankan military officers said guerrillas were continuing to hand over weapons to government and Indian



**THIS IS THE YEAR THE WORLD GOT SMALLER.**

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# INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

## Camdessus: Right on Rich

The new managing director of the International Monetary Fund, Michel Camdessus, rightly urges all rich countries, even those in deficit, to do more to ease the debts of the poor. Third World debt is vast, and partly unpayable, unless governments change policies. That is why this debt currently sells at big discounts and why banks shrink profits to make reserves against it.

But the changes needed are two-fold. Debtors won't benefit from action by the rich without lasting efforts to help themselves. New money won't help debtors who shrink the reforms needed to raise efficiency and open the road to ultimate viability. They have to reduce inflation, public overspending and sheer waste. By land reform and realistic price policies, they have to stimulate food output (the possibilities are huge) so that they feed themselves and export food. Reform is painful to the privileged. But its absence makes the pain worse, because all the foreign money so laboriously gained just flows out again into the stock markets of the rich.

The performance of the poor is mixed. Countries like Zambia are backsliding. There is promise in Argentina, perhaps Brazil, and several African and Asian countries. One should not overestimate how far young democracies with populism and the military never far round the corner, can go. But they have to step up the pace if the rich are to provide them with more funds to service their debts and maintain reasonable growth.

How should the rich provide the funds? Faster growth would enable debtors to sell them more goods. But the rich are growing slowly, so there is increasing disinclination to admit manufactures from the poor and

prices of the raw materials the debtors produce are weak. Alternatively, the rich can provide the poor with more capital. This is not happening; the volume of net financial flows to developing countries fell 15 percent in 1986. But it could happen, in a better world, through three mechanisms.

Banks could extend new loans. They are slow to do this because they question how long debtors will be able to pursue their stabilization plans. And if business in the rich world stays slack, how can borrowers be credit-worthy. Alternatively, the rich could increase their equity investment in the debtors — the best solution of all. But good openings are scarce, because profitability seems low as long as the world teeters towards recession, and because too many debtors shy from foreign control of their industries. The bottom line is for the rich to raise non-market financial flows: more development aid, often on concessional terms, and increasing the lending of agencies like the International Monetary Fund and the World Bank. The volume of such aid fell last year. This is where the Camdessus doctrine is an invaluable antidote to the present lassitude of the developed world.

Rich countries slush aid because the lobbying for it is weak and because poor countries are thought to be taking jobs away from the rich countries. Few recall that greater aid would increase jobs because the recipient countries would spend what they gain. Aid is currently so low, and the rich so much richer than the poor, that it could be vastly increased with scarcely a macro-economic ripple. The rich wouldn't lose.

INTERNATIONAL HERALD TRIBUNE

## Nicaragua: Plan or Ploy?

What might be called the Arias-Wright-Shultz-Baker-Reagan peace plan for Central America represents progress, inside the administration at least. It offers a glimmer of hope that President Reagan and his aides realize the need for negotiations, and perhaps even for compromises, to end a bitter conflict within and with Nicaragua. The pity is the taint of coming so late in the Reagan presidency — and so soon before a showdown vote in Congress on siding the Nicaraguan rebels.

Finally and wisely, the White House has made clearer its backing for the regional peace effort promoted by Costa Rica's president, Oscar Arias Sanchez. Yet it was all but compelled to do so. Congressional Democrats and moderate Republicans have joined in applauding Mr. Arias's idea of a regional cease-fire meshed with steps to democracy. The idea has developed some support in Central America, as attested by the regional meeting under way in Guatemala. And this is happening on the eve of a September showdown over voting another \$100 million plus in military aid to the contras.

With this in mind, the House Speaker, Jim Wright, proposed a crucial modification in the Arias plan. The White House had objected that in return for an actual cease-fire, Nicaragua was asked only to promise steps to democracy. Mr. Wright proposes simultaneous deeds by a Sept. 30 target date: cease-fire, restoration of freedoms, a halt to outside military aid and to U.S. maneuvers in Honduras. His proposal was taken up by Secretary of State George Shultz and Howard Baker, the White House chief of staff. They have evidently persuaded President Reagan to go along.

But dangers and traps abound, and Congress has to be clear-eyed. The administra-

tion's record of hostility to compromise has to give pause. This is the first time in seven years that Mr. Reagan has put his name to terms that fall short of demanding that the Sandinists surrender power. Hence the suspicion that he has put forward the peace proposal in the expectation of its failure.

The bleak prospects for negotiations have to be faced, even as the bargaining is earnestly pursued. Even with Mr. Reagan's support, a negotiated settlement in Nicaragua, or El Salvador for that matter, will be extremely difficult to arrange. Adversaries in civil wars tend to demonize each other. And since personal, not just political, survival hangs on the outcome, adversaries are bound to hang back. By no reasonable measure is there time in 60 days to resolve bitter conflicts. Congress thus has to avoid being squeezed into voting large aid commitments for the contras if peace is not achieved by October.

Democratic leaders, including Mr. Wright, insist they have made no such pledge.

By all means let Congress welcome Mr. Reagan's recent conversion to diplomacy, but keep up the pressure that brought it about. Whatever the progress in Central American bargaining, Congress has to demand hard information about the contras, their failure to develop visible support within Nicaragua and their human rights abuses, now documented by the administration's own investigators. And Washington has to keep the faith with all of Central America's democrats — including the internal opposition in Nicaragua — in opposing thuggery from every quarter, Sandinist or contra.

If the Reagan administration has come to appreciate these complexities, then a serious attempt at negotiations can finally begin.

— THE NEW YORK TIMES.

## Foreign Aid Shell Game

The U.S. foreign aid program is being ground up by the budget process. Just about everyone agrees the appropriated funds aren't enough to support U.S. policies abroad and are poorly distributed besides: too large a share, nearly 40 percent, goes to Israel and Egypt. Other recipients, equally worthy, are being pushed aside.

The administration's response is that, here as with defense, Congress should extract the necessary funds from other areas of government: domestic programs. But these already have been pretty well plucked, and the Democrats rightly say that the president should finance his defense and foreign policies with a tax increase. The

budget has thus become a hostage in the larger dispute over fiscal policy.

Until that is settled the proper course would be to reallocate the funds now available, to spread the shortage. But Congress and the president each find it useful to chide the other for squeezing the vulnerable recipients, and neither can bring itself to propose a cut for Israel. An example occurred in the markup of the current foreign aid appropriations bill last week. The House subcommittee chairman, David Obey, Democrat of Wisconsin, proposed minor cuts in aid from last year's levels for both Israel and Egypt. For Israel, \$36 million out of a \$3 billion total; for Egypt, \$26 million out of \$2.1 billion. He did it not for great and lofty policy reasons, but as he himself admits in an old-fashioned effort to circumvent the congressional accounting rules and get a larger program for a smaller appropriation.

Some appropriations, including aid to Israel and Egypt, are spent relatively quickly, others not. Under the rules, Mr. Obey could appropriate more if he shifted money from fast-spending accounts to slow, and that's what he was proposing. The small amounts taken from Israel and Egypt, plus some other such maneuvering, would have translated into about \$765 million more for other beneficiaries, he estimates. But the chairman says that 1) the administration balked and 2) so, as the word leaked out, did any number of congressmen, who begged him not to put them on the rack with his proposal, which he finally dropped. It was not an inspiring show.

— THE WASHINGTON POST.

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## OPINION

### Moscow Tries 'Bait-And-Switch' Arms Tactic

By Richard N. Perle

WASHINGTON — If the transaction concerned the purchase of a washing machine the technique would be called "bait-and-switch," and it would be illegal. But as it concerns the security of the United States and the cohesion of the Western alliance, it's called "diplomacy" — and however objectionable, it isn't illegal.

The issue, of course, is a last-minute Soviet demand that the West Germans scrap their 72 older Pershing 1A missiles (the "switch") as a condition for a treaty eliminating intermediate missiles from the arsenals of the United States and the Soviet Union (the "bait"). The essence of the bait-and-switch tactic is that the customer is brought to the brink of a purchase only to be told that the deal he was about to make is no longer available. At this point a higher-priced alternative is brought out in the expectation that the hapless customer, his heart set on a new washing machine, will pay the premium rather than go home empty-handed.

Mikhail Gorbachev evidently believes that Ronald Reagan has his heart set on a treaty eliminating intermediate missiles — Mr. Reagan's own proposal of 1981 — and therefore will pay the added price rather than jeopardize the deal. The premium the Soviet Union is demanding in this case would require the United States to bargain away a weapon that belongs to its German allies. Soviet strategists figure that German confidence in the United States would be gravely damaged as a result and the already fragmented coalition in Bonn would come under new and dangerous strains. (The Russians caught an enticing glimpse of German anger over these matters when a minor issue, the treatment of shorter-range missiles the United States doesn't have, paralyzed the Kohl administration for weeks while Mr. Gorbachev rang propaganda bells throughout Europe.)

The justification the Soviet Union offers for this mischievous maneuver is the fact that the warheads for the German missiles are under U.S. control (would Moscow prefer them in German hands?), even though the missiles are not. But the treaty that is now taking shape in Geneva does not limit warheads; it limits missiles and launchers. One reason for this is the impossibility of verifying warheads, small and concealable as they are. Another is that the German Pershings

reflect what, in the special parlance of arms control, is known as an "existing pattern of cooperation." As such they have never been included in arms control agreements — or even in Soviet proposals put forth in previous negotiations, or previously in this one. Mr. Gorbachev knows that this new and disruptive demand is unconvincing. That is almost certainly why he waited until he thought unstoppable momentum toward an agreement had Mr. Reagan in thrall before raising the issue of the German Pershings.

The Soviet maneuver is bound to fail, not least of all because it ignores the remarkable continuing steadfastness that Mr. Reagan has demonstrated throughout the course of the negotiations on intermediate nuclear forces (INF). He knows (and Casper Weinberger, the secretary of defense, and George Shultz, the secretary of state, are there to remind him) that a treaty requiring the United States to abandon a long-standing principle and negotiate away the rights of allies would carry a prohibitive price. That is why Mr. Reagan allowed the Soviets to

walk out of the Geneva talks in 1983 rather than submit to their demands that British and French nuclear forces be included, along with those of the United States, in a bilateral agreement between Washington and Moscow.

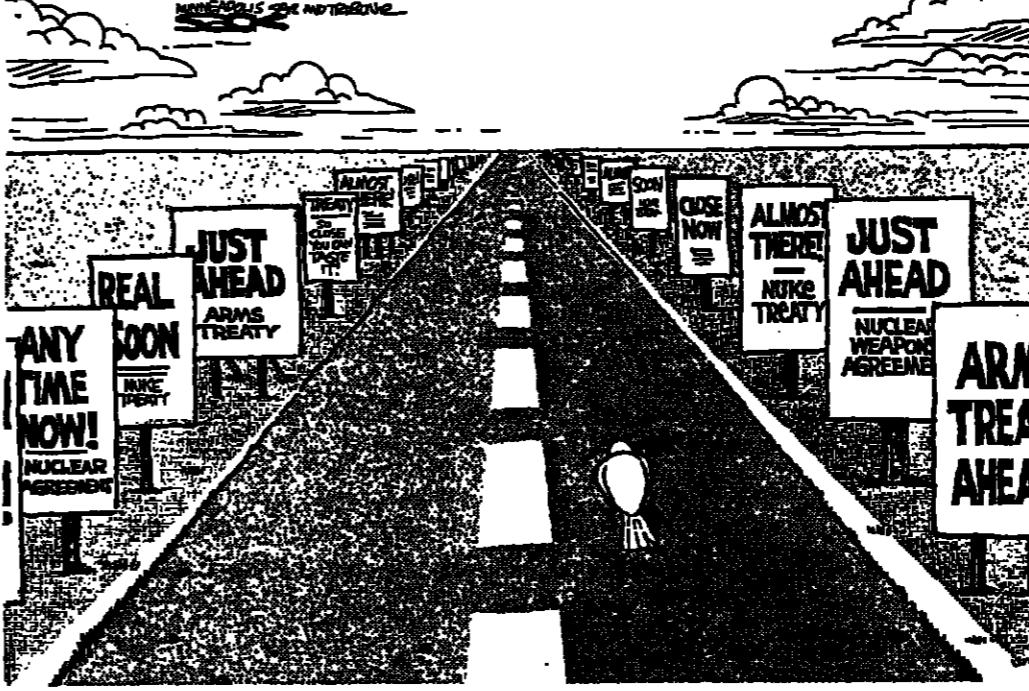
Florence Nightingale is said to have commented that "whatever else they do, hospitals must not spread disease." And whatever else arms control agreements may accomplish, they must not undermine the political cohesion of the Western alliance. That cohesion is invariably put to the test when the superpowers negotiate arrangements that affect the security of the U.S. allies. Here the Soviet Union enjoys one of many advantages in negotiation with the United States. Its double allies — tranquilized when necessary by a dose of Soviet power — are not given to effective complaint, even when Moscow treats their security with indifference. The Czechs and East Germans may have chafed when the Soviet Union wheeled in SS-22 missiles as a "response" to U.S. Pershing-2 deployments in West Germany, but they chafed silently.

For the United States it is essential that arms control negotiations with the Soviet Union be conducted a manner that protects mutual confidence between Washington and its allies. Soviet efforts to lure the president into compromising Allied forces are calculated to destroy that confidence and turn a militarily balanced and equitable agreement into one that is politically damaging to both.

This is not the first time that the Soviet Union has proposed a measure that tested American resolve and Allied nerves. At one time or another the Soviet negotiators have held an INF zero option agreement hostage to 1) inclusion of British and French forces and U.S. maritime weapons; 2) the U.S. SDI program; and 3) Soviet missiles in Asia. Each time the United States has stood its ground and, in due course, the Soviet Union has shifted its. That is why, after nearly six years, we are close to an agreement that is fair to both sides.

The writer, a former assistant secretary of defense for international security policy, contributed this comment to The Washington Post.

*Illustration by Alan K. Hart*



## In Latin America, There's No 'Good' U.S. Intervention

By Adolfo Aguilar Zinser

WASHINGTON — In view of recent events in South Korea and earlier events in the Philippines and Haiti, Americans are newly optimistic that leverage can be used to promote political pluralism and civilian democracy in friendly authoritarian regimes.

Proponents of such activism think that moving swiftly during a political crisis will prevent radical, pro-communist revolutions. This benevolent intervention is perceived to be in the best interest of the United States, even if it means disappointing a former ally or pressuring a long-time friend.

Panama now seems to offer the U.S. Congress and the Reagan administration a perfect testing ground to take this "good" intervention approach to Latin America.

Following demonstrations against the country's strongman, General Manuel Antonio Noriega, the Senate and the House of Representatives approved resolutions demanding a return to civilian control in Panama and an investigation into allegations of murder and corruption leveled against General Noriega by a former military associate.

Contrary to hopes in Washington, strong U.S. criticism of General Noriega has awakened profound suspicion of Washington's motives among Panamanian and Latin Americans in general and has hardened the discredited general a timely

pretense to shore up his defense using nationalistic themes. Though street protests against him continue, General Noriega's criticism of U.S. intervention has put the opposition leadership on the defensive regarding the nation's pride and Panamanian sovereignty.

The U.S. attacks on General Noriega have provoked a rare display of unity among Latin American governments in any country in the hemisphere a "good" intervention. The record of abusive U.S. interventions in Latin America and the power imbalance between the United States and its neighbors give nonintervention a very precise legal, diplomatic and political meaning to Latin Americans. We believe that causes such as "democracy" and "freedom" and even economic assistance are often used as pretexts for illegitimate purposes. At best, many Latin Americans believe that intervention, even in a good cause, involves such abuses of power and violations of sovereign rights that it soon becomes an aggression.

No government in Latin America will sanction a precedent that later could be used against it. Dictators such as Augusto Pinochet in Chile do not want Washington to take up the cause of democracy in their countries. But other leaders with more legitimate concerns defend nonintervention as a matter of principle.

Nothing has contributed more in recent years to promote Latin suspi-

cions than the Reagan administration's unyielding support for the Nicaraguan rebels. The clear objective of contra aid, as Latin Americans see it, is to overthrow a government the United States does not like, but with which it has diplomatic relations. Obviously this is an unacceptable proposition to any poorer, weaker neighbor.

Latin Americans who do not like the Sandinists and would prefer to see them turned out of power find the American replacement — a rebel force funded and controlled by the CIA — as bad as could be.

Antipathy to revolutionary Nicaragua in many countries of Central and Latin America does not translate into enthusiasm for the contra cause. Few American commentators have tried to explain why president, minister or politician or visible intellectual of Latin America has put himself or herself on the record endorsing contra aid. Many have harshly criticized the Sandinists and prized the internal opposition, but none has spoken in favor of the Nicaraguan rebels.

No government in Latin America will sanction a precedent that later could be used against it. Dictators such as Augusto Pinochet in Chile do not want Washington to take up the cause of democracy in their countries. But other leaders with more legitimate concerns defend nonintervention as a matter of principle.

Nothing has contributed more in recent years to promote Latin suspi-

## Convenient 'Peace Plan' Won't Work

By Tom Wicker

NEW YORK — If Ronald Reagan is serious about his new "peace plan" for Nicaragua, he must think its Sandinist government can be intimidated into giving up its independence, its power and its Marxist world view. If, as is more likely, Mr. Reagan's plan is just a ploy to win votes for renewed military aid to the CIA-organized and CIA-controlled contras in Nicaragua, a Congress burned once too often should be able to see right through it.

Either way, as President Lyndon Johnson used to say of losing propositions, "That dog won't hunt."

The plan, drafted by a Democrat, Jim Wright of Texas, the House speaker, calls for an immediate cease-fire, followed by the cessation of aid to either side from the United States, Cuba and the Soviet Union, and the acceptance of "democratic reforms" by the Sandinists before Sept. 30. A regional settlement and a national reconciliation plan for Nicaragua then would be worked out by the United States and the Central American governments.

Mr. Wright apparently regards this as something like a last chance for a peaceful settlement. But there are good reasons for other members of Congress to suspect that the White House adopted the plan as a vote-getting device — believing, that is, that if the Sandinists don't accept, Congress would be more likely to approve renewed aid to the contras.

Some members won't have forgotten, however, that Mr. Reagan has been at least as reluctant a negotiator as anyone in Managua. He found reason to reject various peace plans put forward by the Contadora nations, and he rejected a Costa Rican proposal somewhat similar to Mr. Wright's. Members also will realize as Senator Dale Bumpers, Democrat of Arkansas, has pointed out, that it's "unrealistic" to believe that such a complicated, high-stakes scheme could be negotiated before Sept. 30; and that this early deadline means also that the administration would not have to sacrifice much aid to the contras before then. Nor will it be lost on anyone that the new proposal conveniently arrives just before the present program of contra aid expires.

For such reasons, the plan may not be as effective as the White House expects in swinging congressional votes to the contras — although its diplomatic prospects certainly seem dim. The plan would require the Sandinists to agree to "reforms" they have rejected before, and ultimately to accept politically the contras who seek to overthrow their government.

Besides, if the Sandinists have established any single point; it is that they have not been intimidated either by U.S. support for the contras or by what they perceive as the threat of direct U.S. intervention. Just as the Iranians have refused to quash before American naval power in the Gulf, the Sandinists have made clear their determination to defend the Nicaraguan "revolution" against Mr. Reagan's determination to oust or radically change their regime.

Thus the threat of renewed aid to the contras after Sept. 30 is unlikely to cause them to make the demanded reforms — including the suspension of emergency laws and steps toward open elections — when they have been unwilling to make them under the actual military pressures of the Reagan-led contras.

Even if the Sandinists did meet this requirement, the proposal calls for the post-Sept. 30 "national reconciliation" plan to grant the contras full political rights, perhaps including entry into the government. By what measure of military success or domestic political acceptance for the contras should the Sandinists agree to

## OPINION

**In a Land Without 'Glue,' Glasnost Won't Stick Long**

By George F. Will

**WASHINGTON** — Putting, as demands, the best face on Soviet behavior, we can say that *glasnost* has glitches as current troubles with the Tatars show. But the truth is, those troubles are only the most recent recurrence of a perennial Soviet problem — the "nationalities question" — that sets a severe limit on the scope of openness.

Tatar leaders were expelled recently from Moscow, where a few hundred of their kinsmen were demanding that their homeland in the Crimean peninsula be recognized as autonomous. In 1944, 250,000 Tatars were deported to central Asia — perhaps 100,000 died — as punishment for alleged collaboration with the German invaders. The Kremlin's disproportionate response to the recent protest included accusations that U.S. diplomats had worked "to inspire nationalistic manifestations." Understandably, such manifestations rank high on a long list of "antisocial actions."

The Soviet Union is run by a minority, the Russians, that is declining numerically relative to many of the Soviet Union's other captive nationalities. Like most such minorities that govern resentful groups the Russians are regarded as arrogant. They do indeed despise many other ethnic groups, including the Tatars, as being "Asian."

Soviet leaders often denounce this attitude. On Oct. 6, 1922, Lenin was too troubled by a toothache to attend a Central Committee meeting, but he sent a note: "I declare war to the death on Great-Russian Chauvinism. I shall eat it with all my healthy teeth as soon as I get rid of this damned tooth." He promised that the presidency of a crucial body "should go in turn to a Russian, a Ukrainian, a Georgian, and so forth." But it would take more than 100 "and so forths" to cover all the unnamed ethnic groups scattered across the Soviet Union's 11 time zones.

Besides, the essence of the Soviet state was and is "democratic centralism" — control by a party organized from above and run from the political center, Mos-

**Kazakh, Latvian, Tatar**

RED Square demonstrations by Crimean Tatars for correction of the injustice done them have brought two things to the world's attention. First, they recalled Stalin's crimes against the smaller peoples of the Soviet Union; second, they showed that Moscow's claim to a successful solution to the nationality problem, for decades endlessly repeated, is nothing more than self-deception. The Tatars' protest comes only a few months after the violent suppression of a Kazakh revolt in Alma-Ata against Russia's colonial policy, and after last month's freedom demonstration in Riga by young Latvians.

— *Neue Zürcher Zeitung* (Zurich).**LETTERS TO THE EDITOR****About War, Past and Future**

Thank you for printing Michael Norman's article "Listening to Hem Testify, the Colonels Frightened Me" (July 28). It touched me in a very special way, for reasons having to do with my family.

Mr. Norman's article talks about World War I and Vietnam. ("Only some of the survivors are easy to read. Those who have seen too much combat and those who have not seen enough. The former sleep in mental wards or seek the quiet of the woods ... Men who have not seen enough combat, on the other hand, come home believing.") "M\*A\*S\*H" was about Korea. I have written about World War II. All of these writings are about Enigma — the decoding machine ... which gave the Allies access to German secrets during the war. He did not even tell President Franklin Roosevelt.

As an American civilian and soldier, cleared for "top secret ultra," I worked on breaking Enigma traffic during most of World War II. We had full liaison with the British cryptanalysts at Bletchley.

Enigma was not a decoding machine. It was a machine used to encrypt and decipher message texts, including texts which had been encoded prior to encoding. Having the machine did not give us access. Breaking the system did.

JEANETTE HUBER,

Amsterdam.

Regarding "If Anything, North Deserves a Medal" (July 28) by John Hutchinson:

Equating Oliver North's lying to Congress with the allies' lying to Hitler in World War II is a rather unexpected proposition. I wonder if Congress is flattened to be compared to the Third Reich?

L. BODMER,

Zollikon, Switzerland.

If a man of Professor Hutchinson's qualifications cannot distinguish between wartime deception against a shooting enemy and the same things practiced in peacetime by one part of a government against another, and against its electorate, we really are in trouble.

RICHARD SAUNDERS,

Paris.

Professor Hutchinson writes, "Winston Churchill never told Parliament

**Finding Out About Peru — the Hard Way**

By Tina Rosenberg

**T**ACNA, Peru — Jeff Thielman was at the beach where Sebastian's baby died. Mr. Thielman, an American volunteer, had come to Ite, an oasis of 600 people in the Peruvian desert with no electricity and one telephone, to build a kindergarten. The death of this infant would teach him what people in the Third World have known for generations about how little they should expect from life.

Mr. Thielman, 23, had taken the day off and gone swimming with a priest and two nurses working in Ite. When they got back, Sebastian, a skinny 21-year-old, was waiting for them at the health post. He had been waiting for four hours.

Sebastian's wife, Herenia, had given birth that morning. He had delivered the child and cut the umbilical cord with a razor blade. The baby was sick.

The school year would begin in April; Mr. Thielman had been looking for something to do until then. He found it in Sebastian's house. He would spend the next two months, whatever it took, trying to get Ite's landowners to comply with the law and pay the minimum wage.

The newborn was lying at the foot of the bed, wrapped in a filthy piece of cloth. It had lived eight hours.

The baby had been born six weeks premature, the nurse told Mr. Thielman the next day. Herenia had been hitting her womb in hopes of aborting the child. The nurse had suggested to Herenia that she have this child, then begin to use birth control, but Herenia said that she and Sebastian could not support the child they already had on his wages.

A week later, Mr. Thielman went back to Sebastian's house. Sebastian was earning 14 Peruvian intis (.84 cents) a day, he said, in his job as a farm worker. Where he had come from, in the moun-

tains, he had been earning only 10 intis. He said that his life was much better in Ite. He knew he was not being paid the minimum wage, 23 intis, but he said, there was nothing he could do about it.

It was mid-February 1986. Mr. Thielman, from a middle-class Connecticut family and fresh from Boston College, had come to Peru with the school's International Volunteer Program to spend two

**MEANWHILE**

years teaching at Colegio Cristo Rey, a Jesuit school in Tacna, a town of 150,000 on Peru's southern border with Chile.

The school year would begin in April; Mr. Thielman had been looking for something to do until then. He found it in Sebastian's house. He would spend the next two months, whatever it took, trying to get Ite's landowners to comply with the law and pay the minimum wage.

He took his project to the Reverend Fred Green, the World War II marine pilot-turned-Jesuit priest who runs Cristo Rey. Father Green, who has lived in Peru since 1959, told him not to waste his time. But after thinking it over, he told him to try it. "You might learn something," Father Green said.

On a Friday, Mr. Thielman rode his bike to Tacna and saw Oscar Gallos, the head of Employment and Social Security in the Labor Ministry. He described what he had found in Ite. Mr. Gallos said this was a problem all over Peru, that they thought they could do something about it, but that transportation to Ite, a two-hour drive from Tacna was a problem.

The next Tuesday, Mr. Thielman went back and volunteered to pay for gas for the trip. Mr. Gallos directed him to another official, who was not around. Mr. Thielman went to talk to a third official. She listened to his story and said she would call him the next day. She didn't. For the next six weeks he spent every day with a government official. They all wanted to go to Ite, they told him. But there was a meeting that day, or it was someone's birthday, or no car was available. "What a fool I am," Mr. Thielman wrote in his diary.

The school year began and for two weeks Mr. Thielman did not make his daily pilgrimage to the government offices. When he went back on May 13, there was a new man in charge. "He really wants to help me," Mr. Thielman wrote in his diary. "I talked to him and said he'd talk to the mayor of Ite."

A month later, nothing had happened. In desperation, Mr. Thielman made 100 copies of the minimum-wage law. When the mayor of Ite came to Tacna, he gave him the copies. The mayor promised he would distribute them. "There are just too many damn tomorrow here," Mr. Thielman would say later.

Mr. Gallos was reading the paper when he came into his office in July and asked if it was true that some employers do not pay the minimum wage. "The great majority," he replied. "It is a disgrace, but the supply and demand for work allows this to happen." He said his office would not start an investigation without a complaint from a worker. I tried to picture Sebastian finding a way to make the trip to Tacna to denounce his employer.

"This is the history of Peru," Mr. Gallos said. "It is the legacy of hundreds of years of colonial rule. The worker is always exploited . . . What we need is a huge campaign on the part of the government to improve education and health." Without these reforms, he said, there was no point in trying.

There are hundreds of cases of hardship, Mr. Gallos said. "I'm like a doctor who sees so many deaths," he said, "one more doesn't mean anything."

Today, Mr. Thielman laughs when he thinks about his quest. "I wanted to ride into Ite on a white horse and announce, 'Okay everyone, now you'll all make minimum wage,'" he said. "But now I know more about Peru."

His new project, the Center for the Working Child, is going well. He obtained the use of an empty house in central Tacna as an afternoon center for the newsboys and shoeshine boys who work in Tacna's streets. They come to play table soccer, eat oatmeal with apples, watch cartoons and do art projects.

Mr. Thielman took me to the house of a boy who came to the center, Mauricio, 12, whose seashell sculptures had won an art contest. The five children and two parents lived in a two-room dirt-floored house in the backyard of a wealthy man's house in Tacna.

Mauricio's father worked from 4 A.M. to 8 A.M. for no pay each day for the privilege of living in the house. There was no electricity, no beds and I did not see a bathroom, not even an outhouse. A garden hose provided water.

Mauricio's father's prize for winning the contest was a plane trip to Lima for a week of art classes, parties and political events with other winners. He was even going to meet President Alan García Pérez.

His mother didn't want him to go. It was too far away, and she didn't like the idea of a plane trip. She had been persuaded it was a good idea, but she was wavering, and Mr. Thielman made the visit to lobby her one more time. She wept while she talked to us, rarely looking up. She held her smallest child, an 18-month-old girl dressed in a torn sweater and tights. The girl's eyes were dull with fever. She had been sick for three days. The mother said there was no money to take her to a doctor.

I took Mr. Thielman aside and asked him if we should offer to take them. "Go ahead," he said, as if suggesting that I, too, might learn something. "She'll say no." She said no, but she let me buy some liquid aspirin.

"If that had been me last year," Mr. Thielman said as we left. "I would have said 'Oh my God, let's do something.' Now I know you have to try, ask the mother to bring the baby to the hospital, but if she doesn't, that's life. I see so many sick kids." He shrugged. For a second he sounded just like Oscar Gallos.

*The Washington Post*

**GENERAL NEWS****Pope Invites Jewish Leaders to Rome In Bid to Avoid Boycott of U.S. Event**By Joseph Berger  
New York Times Service

**NEW YORK** — Pope John Paul II has agreed to meet at the Vatican with Jewish spokesmen upset over his granting an audience to President Kurt Waldheim of Austria.

The invitation for a session at the end of this month or the beginning of September came amid concern that Jewish anger over the Waldheim audience could imperil a largely ceremonial meeting between the pope and American Jews scheduled for Sept. 11 in Miami.

The pope, making his second trip to the United States, will visit nine American cities Sept. 10-19.

Elan Steinberg, executive director of the World Jewish Congress, said the Jewish representatives at the Vatican meeting would want to convey their "anguish and pain" as well as their "shock and dismay" at the papal audience June 25 with Mr. Waldheim.

During World War II, Mr. Waldheim served in German units that have been implicated in deportations of Jews in Greece and reprisals against partisans in Yugoslavia.

Mr. Steinberg said the invitation to the Vatican session would not immediately end threats by leaders of key Jewish groups to boycott the Miami ceremony.

"There's no formal linkage," he said, "but clearly we can't ignore the fact that what happens in Miami depends to a great extent on what happens in Rome before hand."

Soon after the Waldheim meeting was announced, American Jewish officials appealed for a substantive meeting with the pope that might avert any disruption of the Miami ceremony.

The invitation to the Vatican was extended Tuesday by Cardinal Johannes Willebrands, president of the Vatican Commission for Religious Relations with the Jews. He made the invitation in a telephone call to Rabbi Mordechai Waxman of Great Neck, New York, chairman of the International Jewish Committee on Interreligious Consultations.

Members of several Jewish organizations that make up the International Jewish Committee met Wednesday at the headquarters of the Synagogue Council of America

from the pope, the official said. "Nobody expects an apology from the pope," he added. "Nobody expects the recognition of the state of Israel."

**Grudging Vote in Italy Shows Coalition Frailty**By Loren Jenkins  
Washington Post Service

**ROME** — The instability of Giovanni Goria's reconstituted coalition has been made clear by the grueling vote of confidence that the Chamber of Deputies gave his government.

Mr. Goria, a Christian Democrat who at 44 is Italy's youngest prime minister, won the chamber's support Wednesday for his five-party coalition government, but only after three days of often acerbic debate that included such divergent subjects as Italy's Gulf policy and the propriety of President Francesco Cossiga's nomination of Mr. Goria, a former treasury minister, as prime minister.

Not only were Mr. Goria's proposed policies, on everything from nuclear energy to foreign affairs questioned by the coalition's other parties, but his status and suitability for the job were attacked by some members of his Christian Democratic Party.

The vote in the Chamber of Deputies was 371-237 in favor of the Goria government. The Senate approved the coalition last weekend.

Thus for the first time since March 3, when Bettino Craxi, a Socialist, resigned after almost four years as prime minister, Italy has a cabinet that is not a caretaker government.

Few analysts believe it will come anywhere near matching the longevity of the Craxi government, however, because none of the problems that led to the breakdown of Mr. Craxi's five-party coalition has been resolved.

Mr. Goria is a compromise prime minister, chosen by Mr. Cossiga because the Christian Democrats' choice for the job, Cesare De Mita, the party secretary, was voted down by Mr. Craxi. Mr. De Mita had openly sought the job.

Some Christian Democrats were upset that Mr. Cossiga picked a relatively youngster from a party whose titans are in their 60s or 70s.

Some Christian Democrats have challenged the leadership qualifications of Mr. Goria, who likes to describe himself as "an accountant who also a politician." Carlo Domar Catini, a former health minister, said, "For me, Goria has always been and always will be nothing but an accountant."

However, Mr. Goria's experience as an economist, budget undersecretary and treasury minister should help him stay in office through the autumn if only to shepherd the 1988 budget through the parliament. After that, the consensus is, he will face serious trouble.

"Nobody expects an apology from the pope," the official said. "Nobody expects the recognition of the state of Israel."

**Priests Accused Of Vietnam Plot**

United Press International

**BANGKOK** — Vietnam has arrested a group of Roman Catholic priests and charged them with training a 1,600-man army to "undermine the revolution and public security," using money from the United States, according to a government newspaper.

The arrests were reported July 15 in an article in the newspaper Saigon Giai Phong. The article was translated and made available by a Western embassy Thursday.

The newspaper said a senior priest and an unspecified number of other priests were briefly detained in May but escaped after supporters armed with "knives, scimitars, and poles" overpowered security agents. Security forces raided a "secret training base" May 15 after a census taker stumbled on evidence of subversive activities, the paper said.

**EUROPEAN TOPICS****Briton Cleared to Sue For Nuclear Exposure**

The British Court of Appeal has approved the right of former Lance Corporal Melvyn Pearce to sue the government for damages after he was exposed to radiation during nuclear weapons tests in 1958. The decision upheld a previous ruling by the British High Court. The government, which is claiming immunity from damage actions by servicemen, plans to appeal to the House of Lords.

Mr. Pearce, 49, who suffers from leukemia, was one of hundreds of British soldiers who witnessed nuclear bomb explosions on Christmas Island in the Pacific. The British Nuclear Test Veterans' Association claims that at least 22,000 troops were used in the late 1950s as guinea pigs to observe the effects of nuclear fallout on people. They contend that the impact has resulted in incidences of cancer, cataracts, and genetic disorders and deformities in their children.

Mark Mildred, Mr. Pearce's counsel, said he hoped the government's appeal would be heard before Christmas. The veterans' association said Mr. Pearce might not live long, adding that at least 600 other sick veterans are waiting for the case's outcome.

After the vote, however, Mr. De Mita and Mr. Craxi's choices were limited to re-forming their coalition along with the minor Republican, Liberal and Social Democratic parties.

West Germany Rejects Mercy-Killing Appeal

The federal Constitutional Court in Karlsruhe has rejected a West German doctor's appeal for the right to help a 27-year-old paralyzed woman take her own life. The court said it had no jurisdiction over euthanasia, adding that Julius Hackethal, the doctor, wanted

## U.S. Has Marine Anti-Terror Force Ready

By Richard Halloran  
New York Times Service

**WASHINGTON** — Over the last two years, the U.S. Marine Corps has quietly trained amphibious battalions that can be deployed overseas to mount commando raids, evacuate American diplomats from besieged embassies and help rescue hostages captured by terrorists.

The new tasks for the Marines, whose primary mission has long been to seize and hold beachheads, have enhanced the overall ability of the armed forces to conduct what are known as special operations, or unconventional warfare, according to military experts.

Marine officers said one of the newly trained amphibious units of 2,000 marines is aboard ship in the Arabian Sea and is ready to carry out a strike by helicopter or landing craft within six hours of receiving an order. This is the first such deployment in that region, the officers said.

They said that in the current state of tension in the Gulf, it is necessary to be prepared to go ashore to defend installations,

evacuate diplomats or help rescue hostages.

The officers gave no indication that any operations had been planned or considered, noting only that the presence of the Marine amphibious unit made such a mission possible.

"Everybody who goes over there is on the cutting edge," one officer said.

Among the other forces trained for special operations are the army's Rangers, who mount raids by parachute; the Green Berets, or Special Forces, who train for guerrilla warfare and counterinsurgency operations; and the secret Delta unit that specializes in rescuing hostages. For a hostage rescue the new Marine units would normally be used to secure a perimeter for rescues undertaken by the Delta unit.

The navy's Seals — the acronym stands for sea-air-land — are trained for waterborne strikes and reconnaissance and have several sailors on duty with the Marine amphibious units. The air force's Special Operations Wing has been trained for infiltration, for slipping

personnel out of harm's way and for aerial supply missions.

The Marine Corps, in response to a directive from the Defense Department in 1984, decided to train existing Marine amphibious units in special operations rather than set up separate units for such tasks.

"We had to overcome a mindset," an officer said, referring to the longstanding reliance of the Marines on head-on attack to overcome an enemy by sheer power. The new training has emphasized swift planning, operations launched from ships over the horizon and operations at night in adverse weather and with communications and radar blocked out.

With two Marine amphibious units afloat at any given time, usually one in the Mediterranean and the other in the Pacific, the officers said, they could often be the closest available units for a special operation ordered from Washington.

Each unit is trained in variations of the amphibious raid, including reinforcing guards at a U.S. embassy, evacuating American citizens from a troubled area and recovering downed pilots.

The unit now in the Arabian Sea,

Marine Amphibious Unit 24, could strike targets either on a coast or inland. To reach an inland target, troop-carrying helicopters would be refueled by other helicopters or cargo planes, as were the troop-carrying helicopters used in the aborted rescue of American hostages in Tehran in 1980.

Marine amphibious units are heavily armed, giving a raiding team a sizable arsenal from which to draw. The units are armed with eight artillery howitzers that can be transported by helicopter, 80 machine guns, 40 anti-tank weapons and five tanks. They also have 19 troop and cargo helicopters, four attack helicopters and five anti-aircraft teams armed with Stinger shoulder-fired missiles.

The Marines have practiced unconventional operations in several countries always with the approval of the governments involved. The operations included a raid in Spain, a recovery operation in Morocco, an airfield seizure and hostage rescue in Italy, aerial refueling in Sardinia, the evacuation of Americans in Tunisia and a long-range raid with a refueling operation in France.

The United States exports a variety of goods to Iran, including food, beverages, tobacco, mineral fuels, chemicals, machinery, telecommunications equipment, electronic components, heating and cooling equipment, fertilizer and medical supplies.

Imports from Iran include crude oil, carpets, pistachio nuts, caviar, furs and skins, fabrics and spices.

■ **Paris May Reject Iran Oil**

France has urged its oil companies to stop buying Iranian crude oil. Industry Minister Alain Madelin announced Thursday, confirming a rumor that had been widespread for a week. The Associated Press reported from Paris.

## U.S. Moving To Tighten Iran Trade

New York Times Service

**WASHINGTON** — In an effort to further isolate Iran, the Reagan administration is moving toward more severe restrictions on trade with that country, according to State Department officials.

Last year trade totaled \$34 million in exports to Iran and \$612 million in imports from Iran.

A senior State Department official was expected to recommend new restrictions on trade with Iran at an interagency policy review meeting on Thursday. He is arguing in favor of controls on nonmilitary items that could be converted to military use, including various communications equipment, scuba diving gear, and boating and radio equipment.

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■ **Prince Reza Pahlavi**

Prince Reza is likely to face in uniting the Iranian opposition was provided by Abolhassan Bani-Sadr, who was elected as the first president of Iran in 1980 but who was forced to flee into exile in France the following year after disagreements with the country's religious hierarchy.

Prince Reza said it was urgent to act to head off "the Balkanization or Lebanonization of Iran."

Referring to tension in the Gulf,

Prince Reza said he thought it unlikely that Iran would attempt to disrupt Prince Reza's plans as "ridiculous."

"I don't think he knows what he

## Shah's Son Seeks to Restore Throne

He Cites 'Considerable Resistance' to Khomeini in Iran

By Julian Nundy  
International Herald Tribune

**PARIS** — Cyrus Reza Pahlavi, the son of the late shah of Iran, announced a campaign Thursday to unite opposition to the Islamic Republic of Ayatollah Ruhollah Khomeini, saying he hoped to restore a constitutional monarchy.

Prince Reza, 26, said at a news conference in the Paris apartment of his aunt, Princess Ashraf Pahlavi, that he had played a low-key role in the eight years since the revolution that overthrew his father, Mohammed Reza Pahlavi. Now, he said, "circumstances are favorable and I hope to play a far more active role."

Aides to the prince, who was proclaimed shah at a private ceremony in Cairo after his father's death in 1980, said that he would move soon to Europe from Washington to coordinate his campaign.

Prince Reza said there was considerable resistance to Ayatollah Khomeini among Iranian civilians as well as in the armed forces, which he said were "ready to act at the right moment."

He said he had devoted the last few years to organizing "underground resistance networks" inside Iran. He did not elaborate.

A measure of the difficulty that Prince Reza is likely to face in uniting the Iranian opposition was provided by Abolhassan Bani-Sadr, who was elected as the first president of Iran in 1980 but who was forced to flee into exile in France the following year after disagreements with the country's religious hierarchy.

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Nicholas Chiaromonte/Agence France-Presse

Cyrus Reza Pahlavi on Thursday: Iranians ought to have "a free choice to decide on what sort of rule they want."

he said. "He attempts to paralyze democracies by terrorism."

The opposition to Ayatollah Khomeini is split into factions across the political spectrum. Those who want to restore the Peacock Throne are regarded by many Iranian groups as nostalgic, upper-class clique with little grass-roots support.

These young people in the Arab world have not had the opportunity to go to Iran," he said. "To experience what the Iranians experience, to see their mothers stoned, their fathers shot, their sons sent to war, their daughters raped."

Prince Reza said that while he believed a constitutional monarchy would best suit Iran, the Iranian people should have "a free choice to decide on what sort of rule they want."

## UNITA: Fearing a Major Attack, Angolan Rebels Alter Guerrilla Strategy

(Continued from Page 1)  
Page 1 of Prime Minister Chou En-lai

Mr. Savimbi, speaking at a command post at Mavinga, a rugged 10-hour drive by truck southeast from Chamzinga through the trackless bush, seemed equally disconcerted by the stand-up confrontation his guerrillas face 18 miles (30 kilometers) east of the government-held city of Cuia Cuana.

"We don't want to fight them on their terms," Mr. Savimbi said in an interview. "If we fight on their terms, which is conventional, then we could lose. In the whole country, it is a guerrilla war. We like to go behind them in the flanks. Where they don't expect us, we are there. Where they do expect us, we are not."

The UNITA forces, backed by the United States and South Africa, are digging in for the main thrust of a dry-season offensive that their military intelligence analysts said could begin this week.

UNITA expects the MPLA to push armored and infantry columns east toward Mavinga, as it did in a 1985 winter offensive. Not only is Mavinga strategically important as a gateway to the rebels' bush headquarters at Jamba, but it produces virtually all of the food for the UNITA-controlled southeastern corner of the country, called "Free Angola" by the guerrillas.

In 1977, after losing a struggle with the MPLA for control of Angola, Mr. Savimbi led his anti-communist followers on a trek to the region, where they established their enclave in a former game preserve.

Before South African forces intervened in 1985 with massive air support, MPLA troops drove east beyond the Lomo River, nearly reaching Mavinga and delivering a telling blow to the rebels' morale and prestige. But they failed to capture Mavinga before having to fall back to Cuia Cuana.

UNITA commanders at the front and intelligence analysts in Jamba estimate that the MPLA is massing 12 brigades at the front, totaling 12,000 to 15,000 men, ex-

cluding a backup Cuban regiment that is protecting Cuia Cuana and Angolan logistical brigades that could be pressed into combat.

Mr. Savimbi also said that 200 Soviet-built tanks had moved from Menongue to Cuia Cuana and that UNITA had listened to Cuban tank commanders talking by radio.

Angolan Army regional commanders, in interviews last month in Lubango, capital of adjacent Huila Province, scoffed at reports that such a massive buildup was under way and said they would not risk the South African intervention that would inevitably follow a major offensive toward Mavinga and the Jamba enclave.

Mr. Savimbi said he is certain that the offensive will begin in earnest before the onset of rain in the next two months, after which the government forces would be unable to move armor easily through deep sand and across swollen rivers.

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## BUSH: Hearings Seen as Acquittal

(Continued from Page 1)

had predicted, Mr. Bush said: "I'd say that if you are denied information, you can't make a proper judgment. I think the American people are fat. They know you learn from experience. You learn even when you're denied information."

He added: "And they know the realities of the job I'm in. I'm not the president."

Mr. Bush said he never discussed the arms sales with Mr. Casey.

"Casey didn't talk to me about anything," Mr. Bush said. "The CIA director doesn't report to the vice president."

Mr. Bush had high praise for Mr. Poindexter and Lieutenant Colonel Oliver L. North, the dismissed Na-

tional Security Council aide, but the vice president said it was "far too premature" to talk about presidential pardons for them.

Colonel North, Mr. Bush said: "He did a marvelous job of explaining to the country what is at stake in Central America. He made some mistakes, but he is motivated by high purpose, not any selfishness or any vanity."

Of Admiral Poindexter, he said: "I have a high regard for John. When he said the buck stopped there, that was a big burden, but I believe he was reflecting the truth, telling the truth."

Taking a broad view of presidential discretion in foreign policy, Mr. Bush said he was "satisfied" that the Boland amendment, which outlawed the use of appropriated funds by agencies involved in intelligence activities to help the contras, did not apply to the National Security Council staff.

Mr. Bush spoke with some anger of published accounts suggesting that he or his national security aide, Donald P. Gregg, may have known of the clandestine efforts to sustain the contras after Congress ended U.S. military aid. Last December, Mr. Bush's office released a chronology showing that Mr. Gregg, in August 1986, during the congressional ban on direct U.S. military aid to the contras, discussed the secret contra-resupply effort with a former CIA agent involved in the effort. Mr. Gregg then set up a meeting where the former agent could explain the resupply effort's difficulties to other government officials.

"We are still experiencing delays of an hour and a half or longer on certain flights," said John A. Basti, spokesman for Alitalia Airlines and the spokesman for European International Carriers, which represents more than 30 international airlines.

The ideal journey from landing to exiting the airport, including passage through immigration, baggage collection and customs, should not be more than 45 minutes, he said.

"We are still experiencing delays of an hour and a half or longer on certain flights," said John A. Basti, spokesman for Alitalia Airlines and the spokesman for European International Carriers.

"One would have to reserve judgment," he said, on whether or not "there is genuine improvement until September is behind us."

## JFK: Delays Reduced

(Continued from Page 1)

tion booths in the airport are filled, she said. Last summer, some booths went unattended.

"We are very encouraged," said William Cahill, a spokesman for the Port Authority of New York and New Jersey, which manages the airport and criticized the immigration service last year.

Last year, it took an hour or more to process passengers from 55 percent of the 180 international flights in June and July through immigration and customs, Mr. Cahill said. In the same months this year, out of 180 flights, only 27 percent took more than an hour.

"It is still not what we expected," said Ernesto Ricci, the station manager for Alitalia Airlines and the spokesman for European International Carriers, which represents more than 30 international airlines.

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Reuters

PANAMA CITY — Panamanian military-dominated government leaders held a ban on an opposition rally planned for Thursday as leaders of the protest went into hiding to avoid arrest.

The Panama City mayor, Jimena Noriega de Jurado, said the ban was lifted after President Eric Arturo Delvalle met opposition figures on Wednesday.

The rally was called by the National Civic Crusade, an alliance of business, civic and student groups whose aim is to force General Manuel Antonio Noriega, the head of Panama's armed forces, to step down and leave the country.

An official who attended the planning group meeting recalled that it had been convened in part because "there was a peace scare."

Tensions were high Wednesday, when Panama's attorney general accused five Crusade leaders of

planning a coup and issued arrest warrants for them.

Relatives and colleagues of the five said they had gone underground to escape arrest and were in a safe place."

In Washington, Secretary of State George P. Shultz said Thursday that the United States had no plans to resume aid to Panama.

Mr. Shultz criticized the Panamanian military, which has effectively taken control of the government, saying he believed that, as in the United States, "the armed forces should be professional and not political."

Mr. Shultz also condemned a recent raid by Panamanian government agents on the offices of the Crusade.

## GULF: TARGETS: U.S. Alert for Possible Iran Terror Attacks

(Continued from Page 1)

Tehran have risen, Iranian officials said that they intend to retaliate with terrorism.

U.S. officials said the United States had increased the number of FBI agents assigned to investigate potential Iranian terrorist activities within the United States.

Several U.S. officials have expressed suspicion that Iran would eventually respond to U.S. protection of Kuwaiti tankers with terrorism. These officials suggest that it is unlikely that Tehran would confront the superior military force in the Gulf when it can search for "softer targets" elsewhere.

"Everyone knows Iran has a very limited repertoire," an official said. "Why should they use their weakest weapon against our strongest ones?"

Another official said the increased Iranian activity should be viewed in the context of Tehran's larger goal, which is to drive the United States out of the Gulf.

This official said that Tehran's

International Herald Tribune

# WEEKEND

## CRITICS' CHOICE

### EDINBURGH

**The Edinburgh Festival (Aug. 9-31)** is the usual cornucopia of the arts, with a heavy representation from the Soviet Union, a celebration of George Gershwin (including a concert performance of "Girl Crazy") on the 50th anniversary of his death, a survey of two centuries of the string quartet, and for the first time a resident orchestra — the Pittsburgh Symphony under Lorin Maazel and Michael Tilson Thomas. The festival's second World Theater Season brings the Gorby Theater of Leningrad, the Gate of Dublin, the Rauh Rauh Theater of Papua New Guinea, the Tbilisi State Puppet Theater, the Berliner Ensemble, the Cameri Theater of Tel Aviv, the Yume no yuminsha company from Japan, the Royal Exchange of Manchester, and some of the festival's own productions. Dance offers the Ballet Théâtre Français with a homage to the Diaghilev Ballets Russes, folk dances from the north of Russia, and a company from China with "The Soul of the Terracotta Army." Opera comes from Stockholm, Frankfurt and Helsinki. The Bolshoi Opera orchestra and the Scottish Chamber and National orchestras are among those joining the Pittsburghers, who will not only perform but tutor students and players in the region. The Melos Quartet of Stuttgart will do a Beethoven cycle, the Shostakovich Quartet plays the music of its namesake and other Russians, and the Arditti Quartet and others present the contemporary scene. Exhibitions include New Scottish Art, "A Celebration of Mary, Queen of Scots," David Salle and much more, and that does not even touch on the vast Fringe program.

### HILDESHEIM

#### Treasures of the New Kingdom

**Under the title "Ägyptens Aufstieg zur Weltmacht" (Egypt's Rise to World Power), the Roemer-Pelizaeus Museum — which itself has one of West Germany's richest collections of Egyptian antiquities — has mounted an exhibition of archaeological treasures from the period of the early New Kingdom (1550-1400 B.C.). Included are more than 300 exhibits from museums in Cairo, Paris, New York, East Berlin and elsewhere, as well as scale copies of tomb paintings. Running concurrently is a show of about 50 oils, lithographs and other works by the contemporary Egyptian artist and Egyptologist, Abdel Ghaffar Shabani, who incorporates images from ancient Egypt in his work. The shows run to Nov. 29.**

### LUCERNE

#### An Eclectic Musical Feast

**The Lucerne Festival (Aug. 15-Sept. 9) is one of the old established firms in the festival business, and one of the few to depend mainly on concerts rather than theater. The programs take due note of anniversaries, among them the 50th of the deaths of Ravel, Roussel and Gershwin, including an exhibition that emphasizes the Swiss connections of Maurice Ravel and Albert Roussel. Music of 20th-century American composers is liberally represented, beginning with Aaron Copland in the opening concerts. Leonard Bernstein is represented by his "Chichester Psalms," then he turns up in the flesh conducting the Vienna Philharmonic in Mahler, Sibelius and his own "Jeremiah" Symphony, and other programs offer works by Charles Ives, Elliott Carter, George Rochberg, Irving Fine, Samuel Barber, Roger Sessions and Gunther Schuller. The Municipal Theater has a production (in German, of course) of Arthur Miller's "Death of a Salesman." Exhibitions include Augusto Giacometti (1877-1947), a Swiss pioneer of abstract art and a major figure in the Symbolist movement, and the American photographer T.E. David Plowden. Both run until Sept. 20.**

### NEW YORK

#### Festival Latino

**The 11th Festival Latino — the biggest Latin American cultural event in the United States and one of the most important showcases anywhere for Latin talent — runs through Aug. 23 with Latin American, Spanish and Hispanic-American theater, films and music at the Public Theater on Lafayette Street, the open-air Delacorte Theater in Central Park and the Metropolitan on upper Broadway. Stage presentations, most with simultaneous interpretations in English through headphones, are at the Public. So is the Tribute to Argentine Cinema, spanning four decades of one of South America's most influential film centers. A movie festival at the Metro offers works from nine Latin American countries, all subtitled in English. Fifty hours of Spanish- and Portuguese-language television programs will be shown over local cable TV. (NYT)**

### PARIS

#### Oldenburg's Swiss Army Boat

**Claes Oldenburg's 78-foot-long boat (24 meters) in the shape of a Swiss Army knife has docked in the center pit of the Pompidou Center. Oldenburg, the man who gave Chicago its giant baseball bat sculpture, devised the craft, which has four oars on each side, two blades that open and a corkscrew that serves as a mast, for a happening in Venice two years ago, and it has been floating around museums since. The boat originally was part of a three-person event called "Il Corso del Cottello," with Coosje Van Bruggen and Frank O. Gehry. An exhibition in one of the Pompidou galleries shows costumes, sets and other objects associated with the performance. The Pompidou port call lasts through Oct. 5.**



## A Gold Mine Of Inca History

*A manuscript believed lost for 380 years contains details about the empire that are likely to cause a significant reappraisal of the era.*

by Barry James

**WHEN** Francisco Pizarro and his tiny band of *Conquistadores* marched into Peru and seized control of their empire, the defeated Incas, who had no written language of their own, had few friends to tell their side of the story.

One who did was Juan de Betanzos, a Spaniard from Valladolid who lived among the Inca nobles and compiled a detailed account of their history, legends, laws and customs. But Betanzos' manuscript disappeared 380 years ago, and only a fragment remained to intrigue historians.

Now, by chance, the complete document has reappeared. It was discovered in a private library in Palma de Mallorca by Mari Carmen Martin Rubio, professor of American history at the Complutense University in Madrid. She said the manuscript contains details about the Inca empire and the first years of the Spanish conquest that are likely to cause a significant reappraisal of the period.

"It is a version like no other," she said in a telephone interview.

Betanzos learned Quechua, the Inca language, and married a princess, Kusi Rimay Occho. She had been destined to become the principal wife of Atahualpa, the last of the Inca emperors, but instead it is believed she became the mistress of Pizarro and had two children before marrying Betanzos. His marriage gave Betanzos access to the educated class of Inca nobles responsible for the collective memory of their race.

These were the *quipu camayoc*, the official interpreters of the *quipu*, a device of knotted, varicolored cords that was used as an aid in reciting narratives, histories and genealogies. The Incas controlled an empire they called Tawantinsuyu stretching from modern Ecuador to southern Chile, the distance from Paris to Moscow.

"Betanzos lived in the Inca court and was sympathetic toward the nobles," Martin Rubio said. "He had a great respect and admiration for everything that inspired their culture."

He injected little of himself into the account, other than to lament the killing of Atahualpa and the destruction of the buildings at Cuzco. He generally remained behind the scenes, preferring to let the Incas tell their story in their own words. "His account is very impartial," Martin Rubio said. "That is one of the reasons it is so valuable."

Most other accounts from that period were by Spaniards about Spaniards, she said. Even the Inca historian, El Inca Garcilaso de la Vega, was writing from a Hispanized point of view. He was the son of a Spanish nobleman and an Inca princess and spent much of his life in Spain. Pizarro's invasion already had taken place by the time he was born, and part of his sweeping history of Peru is based on secondary sources. Betanzos, however, was with the invasion from the start, and he relies entirely on the *quipu camayoc*.



*Copy of a page from the 16th-century manuscript found by historian Maria del Carmen Martin Rubio, above.*

Betanzos went to the primary sources and his chronicles differ substantially from the others," Martin Rubio said. "I think his is probably the more accurate."

The manuscript was written about 1551 on the orders of the viceroy, Antonio de Mendoza, who wanted to find out more about the ancient society the Spanish administration was taking over. It was sent back to Spain, and the original was last heard of in 1607 in a mention by Gregorio Garcia, a Dominican priest who wrote a catechism for the Incas.

A copy of the first 18 chapters detailing the formation of Cuzco and its government was conserved in the library of the monastery of El Escorial near Madrid. This provided valuable material for W.H. Prescott's highly readable but romanticized 19th-century "History of the Conquest of Peru." Like most historians of the period, Martin Rubio was convinced the rest of the document had been destroyed. Some time ago, a friend sent her a clipping from a local newspaper that said a copy of Betanzos' book was in the library of the Bartolomé March foundation in Palma de Mallorca. She thought little of it, assuming

the clipping referred to a copy of the 18 chapters already known.

Nevertheless, she flew to Palma three months ago, saw the manuscript, and immediately realized she had stumbled onto something big.

Martin Rubio says there is no doubt the manuscript is genuine. The parchment dates from the 16th century, and the syntax, spelling and cramped, italic form of Castilian are all from that period. The 120-page manuscript contains all 82 original chapters.

Part one is the fragment already known. Part two describes the laws and social program of Pachacuti Inca Yupanqui, a great reformer among the Incas. The third part details the war between Atahualpa and his brother, Huáscar, for the throne of Cuzco; the death of Atahualpa, whom the *Conquistadores* strangled after he delivered a "king's ransom" of gold; and a subsequent revolt by the Inca leader Manco Capac.

Martin Rubio says the manuscript presents a hitherto unknown view of Pizarro and the Spaniards, whom the Incas regarded as strange, corpulent beings hidden top to toe behind beards, heavy layers of clothes and boots. It describes a well-organized au-

- **Sculpture in Berlin**
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thoritarian Inca society in which the subjects were tightly controlled, but at the same time provided with comprehensive social security. "In some ways, the Incas reached a level we have to envy," Martin Rubio said.

"There is a huge quantity of detail, minutely told," she said.

The historian has prepared the manuscript for publication in Spain in two months, using her knowledge of paleography to transcribe it into modern Spanish. "But I kept the original flavor," she added.

The *quipu camayoc* spent four years learning Quechua, then the language of the Inca nobility, religion, the interpretation of the *quipu* and the history of their race. But Spanish bureaucracy and theocracy replaced the benign tyranny and theocracy of the Incas. The written word replaced oral tradition and the official memorizers faded away. Betanzos copied down their swansong. It was his, too, for nothing more is known of him.

It appears the manuscript may have been in the possession of the Dukes of Medinaceli since its disappearance. The March Foundation acquired the Medinaceli library 20 years ago.

## Bernstein, Boulanger: The Rite of Fontainebleau

by David Stevens

**P**ARIS — A couple of weeks ago the Salle Pleyel was packed for a concert by the Orchestre de Paris, which is a considerable tribute to the drawing power of Leonard Bernstein, keeping in mind that by late July many Parisian *mélomanes* have headed south and that by Bernstein standards he was making only a one-shot cameo appearance — coming on after the intermission to wind up the concert with one of his warhorses, Stravinsky's "Rite of Spring."

But what this concert was really all about took place before the intermission, when three students of the conducting seminar at the Conservatoire Américain in Fontainebleau took their turns on the podium leading the orchestra in major works from the concert repertory. Bernstein, whose passion and genius for teaching are not less than for other aspects of his art, had spent four days working with the seminar students and the school's 46-piece orchestra in the Jeu de Paume of the Fontainebleau palace. Then he picked three of the 10 students to join him on the stage of the Salle Pleyel.

The three he picked reflected the mix of nationalities among the conservatoire's students, for although the school was founded as a French school for Americans, it has long since ceased to have an exclusively American student body. Itay Taigani, a 29-year-old Israeli, took the orchestra through a neat reading of Prokofiev's "Classical" Symphony. Jean-Marc Burdin, a newly minted *premier prix* in conducting from the Conservatoire de Paris, had the toughest job — Copland's "Billy the Kid" suite. He did not quite get the Paris orchestra to sound idiomatic, but then Copland himself has had that trouble with French orchestras. ("A week ago he didn't know anything about 'Billy the Kid,'" Bernstein said with immense satisfaction after the concert.)

The third was a lanky 30-year-old American, Michael Barrett, who has already studied with Bernstein, among others, and has a fair amount of professional experience, all of which showed in the aplomb with which he conducted Ravel's second "Daphnis et Chloé" suite and accepted the ovation he got for it. It was typical of Bernstein — who is a musical chameleon, at home in all idioms — to have a Frenchman conduct Copland and an American do Ravel.

The concert was a benefit for the Ecole d'Art Américaine — the formal name of the conservatoire and its associate Ecole des Beaux-Arts. It also commemorated the 100th anniversary of the birth of Nadia Boulanger, who taught at the conservatoire



*Leonard Bernstein with the student conductors.*

from the time it was founded in 1921 until her death in 1979 and was its director for the last 30 years of her life. For good measure, this year also is the 50th anniversary of the deaths of two other noted French musicians who were directors of the conservatoire, Maurice Ravel and Charles-Marie Widor.

The purpose of this exercise was, of course, to honor the memory of Nadia Boulanger, but more important, it was a highly visible sign of an effort — under a new director, Jean-Pierre Marty — to redefine the mission of the Conservatoire Américain, 66 years after its creation and eight years after the death

of the woman whose benevolent tyranny ruled the school for so long.

Cultural exchange was hardly the idea when General John J. Pershing asked Walter Damrosch, the conductor, educator and musical popularizer, to do something about improving the quality of musicians in the American Expeditionary Force. This led to the AEF Bandmasters and Musicians School at Chambon, under the French musician and pedagogue Francis Casadesus, and with an all-French faculty.

Casadesus was impressed by "the wonderful influ-

ence that Americans and French have over one another," and he was persuaded that "such natural, pure and agreeable relations" should continue after the hostilities in the form of a summer school at which American students could benefit from the tuition of professors of the Conservatoire de Paris.

With the support of the French government, the prefecture of the Seine-et-Marne department and the town of Fontainebleau, the school was given the use of the Louis XV wing of the palace, while Damrosch continued to collaborate enthusiastically from across the Atlantic.

The target was 1921, although by March of that year Damrosch felt things were not moving quickly enough and tried to persuade Casadesus to delay opening until 1922, when there would be "several hundreds of eager young Americans ready to take advantage of such a splendid opportunity."

Nonetheless, the school was inaugurated on June 26, 1921, in the imposing presence of Camille Saint-Saëns, then 86 and in the last year of his life. The heavyweight faculty included Francis Casadesus, Isidor Philipp for piano, Lucien Capet for violin, Albert Wolff for conducting and, in the younger ranks, a 34-year-old teacher of solfège and harmony, Nadia Boulanger, and an assistant named Robert Casadesus, the 22-year-old nephew of Francis, then at the threshold of his brilliant piano career. (Robert Casadesus was also later director of the conservatoire, and his widow, Guy, was on the faculty this year for master classes in Debussy and Chopin.)

Also present were 85 eager young Americans, some of whom had come with the help of a 25 percent student fare cut by the French Line. One of them was a 20-year-old from Brooklyn named Aaron Copland.

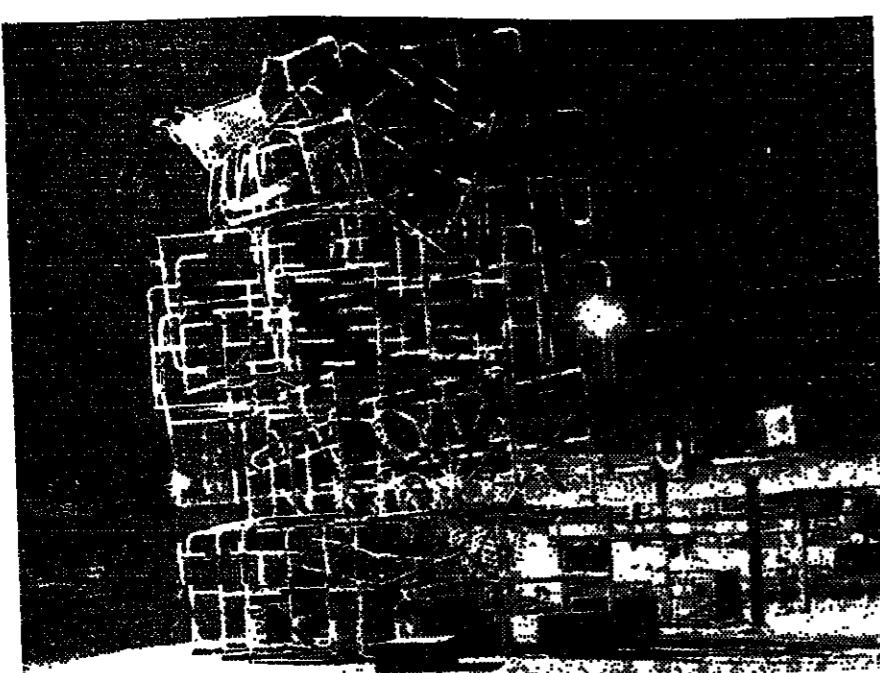
Copland discovered Nadia Boulanger at Fontainebleau and stayed on to study privately with her for three years in Paris, establishing a pattern that would be followed by so many Americans (although not only Americans) that a list of them would include a kind of honor roll of American composers since that time.

Widespread belief to the contrary, Bernstein's name would not be on that list. He did not study with her, but some of his musical education might well have come to him from Boulanger via others, and he certainly revered her for the same reason that Copland gave when he spoke at the school on its 15th anniversary — for "her attitude toward the whole art of music; I have never met anyone to whom music as an art meant so much."

For her part, Nadia Boulanger said she had met Bernstein only after he had finished his studies at Harvard, "but he was one of those pupils who can be taught very little because they have understood every-

*Continued on page 9*

## WEEKEND



Olaf Metzel's "13.4.1981," a day of violence.



Brigitte and Martin Matschinsky-Denninghoff's symbolic "Berlin."

## Sculpture Storm On the 'Ku'damm'

by David Galloway

**B**ERLIN — Startled eyebrows were over the rims of coffee cups. And wedges of *Kuchen* hung suspended in midair. From the plush interior of the storied Café Kranzler (also known as "the widows' rendezvous"), the work in progress seemed to threaten the worst. A tower of red-and-white street barriers, cobblestones and a Broddingsnagian supermarket cart rose precariously above the Kurfürstendamm. In Berlin the memory of street riots and demonstrations is evergreen, but here its symbols were more than doubled in size.

The ominous proportions stressed the idea of an anti-monument — not a celebration of heroism but a denunciation of urban violence. With the title "13.4.1981," sculptor Olaf Metzel recalled a day when demonstrators on the Kurfürstendamm ended with hundreds of broken shop windows, capsized automobiles and jumbled street furniture. The bloody parade was prompted by a newspaper report (incorrect, it turned out) that an imprisoned terrorist had died on hunger strike.

That a gifted young sculptor who witnessed that event should conceive this "mortal assemblage" has an obvious poetic logic. Its placement on a cluttered intersection, on the other hand, denies both poetry and common sense. Berliners nurture a nostalgic image of the "Ku'damm" as a bustling *bon-vivant* boulevard, but it has long since degenerated into a traffic-clogged architectural jumble punctuated by sex shops and fast-food eateries.

Nonetheless, when the city's culture coordinators deliberated over the current 750th

birthday celebrations, the Kurfürstendamm claimed prominent attention. That Berlin will be Europe's official "cultural capital" in 1988 further encouraged them to think in terms of a major project that could be on view for two years. On paper, at least, the plan seemed commendable: Eight internationally acknowledged sculptors, all resident in Berlin, would be commissioned to produce works for this urban mile. The prominent location, it was argued, would prompt "a fruitful dialogue between artist and public." Indeed, and long before the projects were realized, the "Sculpture Boulevard" became the target of indignant protest.

Citizens' groups submitted petitions, bombarded newspapers with irate letters, and demanded a political accounting. The Senate had, after all, approved 1.8 million Deutsche marks (about \$1 million) for the program. Anger ultimately would focus less on Metzel's filigree-like tower than on Wolf Vostell's Cadillacs encrusted in concrete. The Old Master of the Happening tilted one car against the next and entitled the composition "2 Concrete Cadillac in the Form of the Naked Man." The art-historical allusion escaped most motorists caught in the stop-and-go traffic on Rathenauplatz.

When the controversy peaked in early summer, protesters buried Vostell's *Maja* beneath floral bouquets and toilet brushes. The New Berlin Kunstverein, which had given the Sculpture Boulevard aesthetic and administrative guidance, collected the wilted tributes in garbage bags and dumped them before the house of the opposition leader. Art watchers fantasized over possible responses to the single project not realized for the Kurfürstendamm. Edward and Nancy Kienholz had hoped to install two construc-

tions halfway into the world of open to how:

Whether Berliners would have accepted the aerial ode to a divided city is dubious. More likely, the celebrated local humor would have coined Safer Sex metaphors. Even without the condom conundrum, urban functionaries met the barrage with wavering tactics. Some argued that provocation, not communication, had been sought from the beginning. Others, including Mayor Eberhard Diepgen, denounced the entire project. Appearing as celebrity guest on West Germany's most popular quiz show, he solemnly assured viewers that further "spectacles" of the sort would not be permitted during his term of office.

Overlooked in the squabbles was the sovereign authority of Vostell's provocative work that even harried communists may come to acknowledge. (It is to remain as a permanent installation.) This is, to be sure, the last in a lengthy series of mummified automobiles that Vostell has dotted across the European continent. If self-quotations has limits, it can also radiate as here, a persuasive air of conviction. Metzel's barricade-tower is also a work of genuine poetic power. Unhappily, its street-wise idiom is overwhelmed by the urban babble of the setting.

Few works, indeed, can compete with this polyglot environment. Conceptually, one of the best projects is Frank Dornseif's mammoth pedestal, on which earlier generations might have posed a triumphant bronze general. Here there is only a bare armature, casting its shadow as a metal silhouette set into the pavement. From such ironic shadow

theater, Dornseif has evolved a highly personal style, but it requires intimacy to reveal its full power.

Similarly, the playful elegance of an aerodynamic mobile by George Rickey, positioned before the half-ruined Memorial Church, seems dissipated. Those who admire Rickey's achievements are better advised to visit the nearby Pels-Lausen Gallery, which is staging an impressive homage to the U.S.-born sculptor on the occasion of his 80th birthday. (Rickey's works are on view at 25 Fasanenstrasse through August.)

Among the few sculptures to establish their own space and identity on Ku'damm is "Berlin" — a four-part ensemble by Brigitte and Martin Matschinsky-Denninghoff. Like twisted branches, the quartet of chromium steel forms reaches upward to seek connection. As a symbol of a divided city who fate is indivisible, the composition has not surprisingly, found a generally positive echo.

On balance, however, the Sculpture Boulevard is the sort of project that gives public art a bad name.

Luckily, Minster's immensely successful

show of public sculptures (and a more modest variation in Essen) help redress the balance. For a total budget of 1.5 million marks (\$900,000 in official support, 600,000 in donations), more than 50 international artists realized works for sites of their own choosing. The result is a genuine dialogue between the artist and the urban environment. For 1.8 million marks, Berlin might have achieved considerably more than an interruption of a *Kaffeeklatsch* at the Café Kranzler.

David Galloway is a writer and professor based in West Germany.

## To Amplify or Not To Amplify, That Is Theater's Question

by Bernard Holland

**N**EW YORK — Electrical amplification in the theater has infected Broadway, and some fear it is stalking the opera house as well.

For the New York City Opera, it is a problem of communication. In the company's "straight" opera performances, there is not a microphone to be found, but the house's musical and operetta productions have to put communication where the mouth is. There are no projected titles, no Italian or French to hide behind. The current run of Stephen Sondheim's "Sweeney Todd" serves

as an example of what is required to make it work.

Sondheim's 1979 Broadway success ventures halfway into the world of opera to begin with, and in a similar way, the City Opera finds itself balancing its big performing space (2,800 seats), its florid operatic voices and its full-blown pit orchestra against the subtleties of Sondheim's lyrics.

The house's response is again a compromise. Its orchestra is not amplified but everything on stage is. Seven microphones have been placed along the footlights with six more scattered and concealed around the stage. High in the balcony Robert Etter sits at a console and twiddles the dials that raise and lower the singers' ability to compete with the orchestra in front of and below them. Broadway orchestra pits usually are covered by the City Opera's not. This production, moreover, has decided against the house mikes that are favored on Broadway.

These tiny, radio-like devices attached to the performer, the City Opera feels, are compromised by rustling costumes and create annual confusion in duets. Beverly Sills, the house's general director, has insisted in the past that "when speaking parts are finished and the music starts, the engineer will pull the volume way down."

The directional problem — tricking the listener into associating a voice from a loudspeaker with the performer's position on stage — is handled according to the Haas effect, says Etter, speaking of the physicist who first exploited it.

"There are two sources of sound in the theater here," he explained at a dress rehearsal. "One comes out of the performer's mouth, the other from the speakers. The brain tends to associate direction from the sound it hears first, so if you delay the amplified sound — say 18 milliseconds — the ear directs the eye to what it heard first." The direction can be modified and graduated by changing the delay.

"It doesn't totally solve the problem," said Etter. "There is a point of diminishing returns, where too much delay turns into an echo, and this is a very wide theater."

A look at two of Broadway's current shows.

shows that amplification and its aims aren't necessarily the same for every show.

At "Les Misérables," the Tony Award-winning musical, some would argue that clarification is a better term than amplification for this production's sheer sound.

Loudspeakers bloat and scramble musical values "no matter where they are used," but many people would point out that "Les Misérables" is first of all a literate show in which words are everything, where diction is explicitly projected and everything else is secondary. Some would also suggest — and some might dispute — that Claude-Michel Schönberg's score is created not to stand on its own feet but to serve the stage (something it does admirably), and we are less worried when it is distorted in the process. The music, in other words, always enhances the never dominates.

In "Starlight Express," on the other hand, amplification takes on an "artist's mission" all its own — to create a wall of sound for sound's sake that ruses out at the listeners and knocks them flat. Nicely enough, Etter is held to a minimum in this hard-edged approach. For ears used to the concert hall, the amplification at the theater creates an almost traumatic effect. Therefore, it really doesn't matter if Andrew Lloyd Webber's music — as some critics have suggested — is vacuous or not. Here it seems simply the fuel to fire up an aggressive sound system.

Paul Gemignani, the Broadway conductor who also is the musical head of City Opera's "Sweeney Todd," is not happy about amplification anywhere.

"Natural sound is what it should be," he said. "and I think people are wrong to blame the whole problem on Broadway performers who don't know how to sing and project. It's the audiences, not the players, who have become lazy. People just aren't used to listening carefully anymore. They expect everything to be brought to them."

At the City Opera, Gemignani has the added problem of adjusting the brilliance of Jonathan Tunick's orchestrations, written with a closed pit in mind, to the open surroundings at the New York State Theater. He particularly dislikes amplified orchestras on Broadway, which he says, deny him musical nuances. Sondheim's new show, in progress, "Into the Woods," Gemignani reported, will "start with natural sound" and take the concept as far as possible.

Sondheim, who showed up for last Tuesday's rehearsals, took a free moment to remember his youth of balcony-peering with Hal Prince, now the director, in Broadway's pre-electronic era. "Hal likes to remind me of the way we had to lean way forward in order to understand the words," Sondheim said. "We had to work to listen. You don't anymore, and this is amplification's worse legacy."

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## ENGLAND

## LONDON:

•Barbican Centre (tel: 638.41.41).

— To Oct. 18: *The Image of London* 1550-1918 by artists foreign to the British Isles, including Rembrandt, Canaletto, Pisarro, Whistler, Moore.

•British Museum (tel: 636.15.55)

— To Sept. 20: Ceramic Art of the Italian Renaissance.

•Hayward Gallery (tel: 928.57.08)

— To Sept. 27: 140 drawings by French Surrealist artist André Masson done between 1922-1974.

— To Sept. 27: 27. Gilbert and George Pictures 1982-1986.

•Tate Gallery (tel: 821.13.13)

— To Aug. 31: Retrospective of American Abstract Expressionist Mark Rothko (1903-1970) including about one hundred oils, acrylics and watercolors.

•National Maritime Museum, Greenwich, (tel: 858.44.422)

— To 1988: Australia 200: historical materials focus on the sailing of the first fleet to Australia in May 1787.

•Whitechapel Art Gallery (tel: 377.01.07)

— To Sept. 6: A major exhibition of the work of American-born sculptor Sir Jacob Epstein (1880-1959).

•Victoria and Albert Museum (tel: 589.63.71)

— To Sept. 13: An exhibition of the design work of Finnish architect Alvar Aalto.

•Royal Academy of Arts (tel: 734.90.52)

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## WEEKEND

**Foreign Filmmakers Turn to American Performers**

by Annette Insdorf

**A**LTHOUGH there is nothing new about American actors starring in foreign directors' films — from Marlon Brando in Bernardo Bertolucci's "Last Tango in Paris" to William Hurt in Hector Babenco's "Kiss of the Spider Woman" — the phenomenon is assuming ever-larger proportions. For economic as well as artistic reasons, directors from abroad making English-language movies want to work with American performers; similarly, actors from the United States are attracted to the challenging projects that Hollywood doesn't seem to be offering. Perhaps Hurt's Academy Award (and Cannes Film Festival prize) for best actor sent an important signal to his colleagues, namely that a South American director could shape brilliant characterization as skillfully as an American.

"Good Morning, Babylon" and "Un homme amoureux" ("A Man in Love") are two examples of this growing internationalization. Both are English-language films shot in Europe by acclaimed foreign directors — the Taviani brothers ("Padre, Padrone") and Diane Kurys ("Entre Nous") — and mainly starring American actors.

The trend continues with "Deadline" directed by the Israeli Nathaniel Gutman and starring Christopher Walken as a cynical American reporter confronted by war-torn Beirut. And John Shea — whose credits include Costa-Gavras's "Missing" — costars with Kelly McGillis in another upcoming English-language Israeli film, "Dreamers."

Both "Good Morning, Babylon" and "Un homme amoureux" met with mixed critical response when they premiered at the Cannes Film Festival, but the acting was lauded across the board. European audiences discovered Peter Coyote and Peter Riegert in Diane Kurys's first English-language film and Joaquim de Almeida and Vincent Spano in Paolo and Vittorio Taviani's first non-Italian effort. (Greta Scacchi, incidentally, appears in both.)

The Taviani brothers chronicle the experiences of two Italian brothers who come to the United States and work for D.W. Griffith, designing the Babylon sets for his epic film "Intolerance." In "Un homme amoureux," also set in the world of filmmaking, a famous — and married — American actor (Peter Coyote) falls in love with a bit player (Scacchi) while making a movie about the Italian writer Cesare Pavese. Kurys follows multiple relationships that include the actor's to his buddy (Peter Riegert), and the actress's to her dying mother (Claudia Cardinale).

The four United States-based actors offered a wide range of observations on the reasons for this internationalization, as well as on the differences between making films abroad and at home. Riegert — who holds something of a record, having starred in "Local Hero" for the Scottish Bill Forsyth, "Le Grand Carnaval" for the French Alex-



William Hurt, left, and Raul Julia in "Kiss of the Spider Woman."

andre Arcady and the upcoming "Stranger" for the Argentine Adolfo Aristarain — said that "with foreign directors, there's more playfulness, play, with the making of the movie. While there's still a lot of pressure to do well, the economic pressure is not as great."

"The stories are different," added the New York-based actor, "much less in search of the widest demographics. And they are cast according to the particular story rather than for publicity purposes. Diane — much like Bill and Adolfo — is very open to pushing what's at stake in a scene. They're not limited by the text — they're inspired by it. They have an innate understanding of how things change."

Riegert, who is currently starring on Broadway in "The Nerd," stressed the "more human scale" of foreign films.

"It's an economic phenomenon," the 40-year-old actor continued, "paralleled by the independent film movement in the States. There are enough people wanting to do things — whether writers, directors or actors — and there's not enough work in mainstream Hollywood. Just by necessity, the bounds will be pushed aside by the various needs of creative people."

But where European filmmakers once dubbed Americans into foreign languages,

now they leave their dialogue in English. "That's market-related," said Riegert, whose other credits include "Animal House" and "Concealed Enemies," in which he played Richard Nixon. "As the prices go up to make movies abroad, the American market is too huge to be ignored. 'A Man in Love' is not going to have much opportunity to make money only in France, especially now that France's moviegoing public has shrunk because of TV."

Diane Kurys maintained that the reason she made the film in English is that the central character is "American" — as a real movie star has to be. "Casting him was not easy until she saw 'Heartbreakers,' in which Coyote played what the title implies. 'I had already seen 'The Jagged Edge' and 'Stranger's Kiss,' but never thought of using him in the lead," she said. "After 'Heartbreakers,' I said, 'perfect': Coyote has a lot of charm, intelligence, tenderness and vulnerability. As far as Riegert is concerned, I wrote the part of Michael directly for him, and he was the first one cast."

The first actor cast in "Good Morning, Babylon" was Joaquim de Almeida, who came here from his native Portugal 11 years ago. He appeared in "Beyond the Limit" with Richard Gere, and his strong screen presence was not forgotten by José Villa-



Vincent Spano, Vittorio and Paolo Taviani, Joaquim de Almeida in "Good Morning, Babylon."



Peter Coyote and Jamie Lee Curtis in "A Man in Love."

verde, the California casting director for the Taviani brothers' drama.

When asked to compare working with European and American directors, the 30-year-old actor replied, "There is a difference — especially with the Taviani's because they are two; but it's like they're one! They alternate directing shots, and you talk only with the director who is shooting. It becomes like what we tried to do with the characters in the film, which is one coin with two faces: one completes the other."

Whereas Riegert's experience suggested a greater freedom with foreign directors, de Almeida's situation differed: "The Taviani's seem to be very mathematical," he observed. "In a way, they already have the film edited

before they make it. They know exactly where to put the camera, because they know which shot they will use. Americans discuss the scene before directing; the Taviani's want very specific scenes, and it's inside the specifics that we have to find our own freedom."

Vincent Spano echoed these sentiments when reached by phone in Italy, where he is making another English-language Italian film. "They want total control over what's happening in their frame," said the 24-year-old actor, whose credits include John Sayles's "Baby, It's You" and Andrei Konchalovsky's "Maria's Lovers." "As much as that could be frustrating, I learned a great lesson from them in detail. They know exactly what they want. It's like falling back with your eyes closed, and you know they'll catch you."

De Almeida — who speaks fluent Italian, in addition to French, Spanish, German and Portuguese — added that "Americans talk more in terms of objectives, and the Taviani's talk more about emotions. One particularly good thing was that they were so secure and sure of where to put the camera that they had time to take care of the actors. We were able to discuss things during rehearsals."

This is one of the key points that Kurys stressed, as she observed that American actors are "more available before and during shooting. In France, we don't rehearse; producers don't let you, because there's not enough time and you can't bring the actors earlier."

"American actors have a sense of their art that is sharper than ours," she continued. "There's a constant inventiveness: they suggest more things, and really take the acting seriously. For example, Riegert chose all his costumes: he brought them in a suitcase, one for every day!"

The contributions of the American actors were especially important to her, because "Un homme amoureux" depends on character nuance more than linear plot development. As Coyote perceived, "The structure is derived from the intentions of the characters, whereas most American films have the intentions of the character subjugated to the plot."

During a telephone interview from Toronto, where he is shooting a mini-series, he added that "the primary difference is Europe's vibrant intellectual tradition: ideas have real currency there. I think that the reason I usually play villains in America and played a hero in France aptly reflects the differing attitudes of the two continents toward intellectual thought."

American actors do not have the same freedom that Riegert perceives among European performers: "They go from lead to supporting role, to cameo," he remarked. "We have a class system: if you do a few leads and then take a supporting part, people ask, 'What happened?' My ambition, or fantasy, is to make a movie in every country. My idols are the silent actors like Chaplin and Keaton who, because of silence, crossed all boundaries."

Annette Insdorf is professor and director of undergraduate film studies at Columbia University. She wrote this article for The New York Times.



Nadia Boulanger, whose 100th anniversary was observed this year.

**Bernstein-Boulanger**

Continued from page 7

thing," as she is quoted by Bruno Monsaingeon in his "Mademoiselle."

Jean-Pierre Marty shrugs helplessly when asked what it is like to be in the seat once occupied by Nadia Boulanger. At 55, he is an all-around musician: conductor and pianist, author of a scholarly tome, "Tempo Indications of Mozart," due from Yale University Press next year, and former director of opera at Radio France. At 12 he was a piano pupil of Alfred Cortot, and much later of Julius Katchen. He spent a dozen years of his career in the United States — where he began conducting with the New York City Ballet and American Ballet Theater — which gives him a usefully bicultural attitude to his new job. He, too, studied with Nadia Boulanger. She was unique and by definition irreplaceable, his shrug seems to say. The world has changed, but the school remains.

"The basic problem is the orientation of the school; it has to justify its existence," he said. "In some ways, the fact that Nadia Boulanger taught and ran the conservatoire for so long was perhaps not good for the school as an entity."

"The Conservatoire Américain was founded to fill a gap when American music education was in an embryonic state. But that changed. Now many French want to go to American schools."

That sea change in the world of music education dates mainly from the end of the Second World War and it is what the school now must face. Marty believes. Indeed, there has been a 30-year delay, in large part because Nadia Boulanger was who she was,

and her fame in the United States was the main attraction for students.

"She was one of those people — Bernstein is another — who have ideas and the force of character to carry them out. Their acts are meaningful because they did them. The point is not to try and imitate Nadia Boulanger and the way she ran the school, but to concentrate on what the school has to offer, on what there is here that cannot be found elsewhere."

One thing the school has is its setting, the palace of Fontainebleau in lovely country-side 65 kilometers (40 miles) south of Paris, where the school has its classes for two months each summer. After the grand Mademoiselle died in 1979, the authorities did what they had been wanting to do for years — move the conservatoire from the Louis XV wing, so it could be renovated, to the part of the palace known as the Quartier Henri VI. The offices and practice studios there are Spartan, but spacious.

The concerts that are given for school and town during the term are still being held in the palace's Jeu de Paume, which has an organ and a stage big enough for a small orchestra. But the Jeu de Paume is now justizing with the Culture Ministry to try and stymie this, or at least get a good replacement. The French foundation that operates the Ecoles d'Art Américaines also owns its own faculty and student restaurant and two student hotels in the town.

But more important, Marty feels, is that the school still has much to offer Americans in what is unique about a French musical education.

Marty admits that not all of his plans this year worked as well as the conducting seminar, which he taught and Bernstein took over for four days. But Bernstein's presence attracted advanced students, made it possible to attract a 46-piece resident orchestra for little more than two weeks of room and board, and set up the Salle Pleyel concert. Bernstein's return is hoped for next year.

"I told the Culture Ministry," Marty said, "that it was only through this course that a graduate of the Conservatoire de Paris got to conduct the Orchestre de Paris."

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Italy Lire	380,000	210,000	115,000	Lire 756 Lire 275,200
Luxembourg L.Fr.	11,500	6,300	3,400	L.Fr. 18.41 L.Fr. 6,700
Netherlands Fl.	650	360	198	Fl. 1.21 Fl. 440
Norway N.Kr.	1,800	990	540	N.Kr. 3.05 N.Kr. 1,110
Portugal Esc.	22,000	12,000	6,600	Esc. 64.56 Esc. 23,500
Spain* Ptas.	29,000	16,000	8,800	Ptas. 55.33 Ptas. 20,140
Sweden S.Kr.	1,800	990	540	S.Kr. 3.05 S.Kr. 1,110
Switzerland S.Fr.	510	280	154	S.Fr. 1.10 S.Fr. 400
Rest of Europe, North Africa, former French Africa, Middle East \$	430	230	125	Varies by country
Rest of Africa, Gulf States, Asia: \$	580	320	175	

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FRIDAY, AUGUST 7, 1987

## WALL STREET WATCH

### Investment Help Wanted? Temp' Firms Are Booming

By VARTANIC G. VARTAN  
New York Times Service

**N**EWS YORK — Most analysts continue to give high marks to the temporary-help business — a niche industry that sprang into the Wall Street spotlight this week when Blue Arrow PLC, the leading employment agency in Britain, made a surprise takeover bid for Manpower Inc., the largest "temp" provider in the world.

Blue Arrow offered \$75 a share for the much-larger American company. The market's immediate response was to send Manpower's stock shooting ahead \$15.625, to \$78, on Tuesday, and up another 50 cents, to \$78.50, on Wednesday.

While the outcome of the bid remains uncertain, shares of other leading temporary-help companies — Kelly Services, Osten Corp. and Adia Services — also have reached highs. However, Jerry Levine of Merrill Lynch said these companies are not regarded as acquisition targets because their control rests securely in the hands of founding families or, in the case of Adia, of a Switzerland-based personnel services company.

Instead, analysts said these stocks are attractive because of their record of steady profit growth even in the face of a ho-hum U.S. economy. For example, earnings at Kelly Services, the largest supplier of temporary personnel in the United States, tripled from 73 cents a share in 1982 to \$2.27 a share in 1986.

In one sense, temporary-help companies are a beneficiary of the vast restructuring that has occurred in American industry since the early 1980s, said Judith Scott of Robert W. Baird & Co. in Milwaukee.

"As companies concentrated on reducing fixed costs, they realized the advantages and flexibility of using temporary workers in clerical, marketing, industrial and other capacities," she said. "And as demand for new skills increased in such areas as computer programming and data processing, the service companies moved quickly to fill the need at the same time their own training procedures grew more sophisticated."

**O**NE ADVANTAGE, too, of hiring temporary help is that employers avoid paying for benefits. They are shouldered instead by the employment-service companies.

Mr. Levine of Merrill Lynch has made "buy" recommendations for both Kelly and Osten. "I estimate earnings of Kelly Services at \$2.85 a share this year, and for 1988, profits could show a further gain of 22 to 25 percent," he said.

Osten earned 75 cents a share in 1986, after adjustment for a recent 3-for-2 stock split. Mr. Levine projects per-share profit of 97 cents to \$1 for this year, with earnings climbing another 25 percent in 1988.

Ms. Scott also continues to regard Kelly and Osten as "buys." She foresees per-share profit at Kelly of \$2.85 this year and \$3.35 in 1988, and at Osten of \$1 in 1987 and \$1.20 next year.

Fran Blechman Bernstein, the Merrill Lynch analyst who follows buy-rated Adia Services, estimates per-share profit at \$1.05 to \$1.15 this year and \$1.30 to \$1.40 in 1988. Last year, the company earned 76 cents a share.

In American Stock Exchange trading on Wednesday, Osten rose 50 cents, to \$2.25. The shares have doubled within the last 52 weeks. In over-the-counter trading, Kelly Services gained 75 cents, to \$6.25. Its shares have quadrupled in price since mid-1984. Adia Services rose 12.5 cents, to \$28.625.

Another small but fast-growing company in the field is Uniforce Temporary Personnel. Its shares fell 50 cents on Wednesday, to \$12.75, after selling for as low as \$4 within the past year.

Despite the bright future, growth of temporary-help companies could slow abruptly should a severe economic recession come to pass. The last recession, for example, took the profits of Kelly Services from \$1.10 a share in 1981 to 73 cents the following year. In the similar period, Osten's earnings dropped from 43 cents a share to 31 cents.

## Currency Rates

Aug. 6							
	U.S.	D.M.	F.F.	U.K.	G.D.R.	S.F.	Yen
Australia (\$)	2.115	3.209	11.255	3.205	0.155	2.64	140.34
Brussels (Belgium)	2.051	3.125	20.7415	2.226	0.155	2.64	25.87
Frankfurt	2.062	2.94	—	2.01	1.2085	0.825	12.465
London (\$)	1.975	—	2.945	9.8825	0.825	2.451	22.45
Milan	1.9445	21.9195	72.4245	21.740	0.825	2.451	22.45
New York (\$)	1.9445	21.9195	72.4245	21.740	0.825	2.451	22.45
Paris	1.975	2.99	3.223	1.2085	0.155	2.64	15.52
Tokyo	1.975	2.99	3.223	1.2085	0.155	2.64	15.52
Zurich	1.988	2.99	3.223	1.2085	0.155	2.64	15.52
1 ECU	1.0107	0.984	2.075	6.915	1.2082	2.234	12.082
1 SDR	1.255	0.7995	2.364	7.8771	1.2082	2.234	12.082

Closings in London and Zurich, fixings in other European centers. New York rates of 4 P.M. (at Commercial time) (1) Amounts needed to buy one unit of 100 (2) Units of 1000 (3) Not used; N.A. not available; dollar (4) To buy one pound: U.S.\$1.5256

\* Shilling: 1.1048 Irish £

1. Sources: Indonesia Bank (of Brunei); Banco Comerciale Italiano (Milan); Banca Nazionale di Roma (Paris); Tokyo (Tokyo); IMF (SDR); BAA (dollar, franc, German mark).

2. Other data from Reuters and AP.

## Interest Rates

Aug. 6							
Eurocurrency Deposits							
Dollar	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%	5.1%
1 month	5.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%
2 months	5.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%
3 months	5.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%
4 months	5.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%
1 year	5.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%

Sources: Morgan Guaranty (sovereign, DM, SF, Pound, FF); Lipman Bank (ECU); Reuters

(SDR) Rates applicable to Interbank deposits of \$1 million minimum for equivalent.

\*\* Shilling: 1.1048 Irish £

1. Sources: Indonesia Bank (of Brunei); Banco Comerciale Italiano (Milan); Banca Nazionale di Roma (Paris); Tokyo (Tokyo); IMF (SDR); BAA (dollar, franc, German mark).

2. Other data from Reuters and AP.

## Gold

Aug. 6							
Asian Dollar Deposits							
1 month	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%
2 months	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%
3 months	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%
4 months	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%
1 year	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%

Sources: Reuters, Bank of Tokyo, Commerzbank, Credit Lyonnais.

\*\* Shilling: 1.1048 Irish £

1. Sources: Indonesia Bank (of Brunei); Banco Comerciale Italiano (Milan); Banca Nazionale di Roma (Paris); Tokyo (Tokyo); IMF (SDR); BAA (dollar, franc, German mark).

2. Other data from Reuters and AP.

3. Sources: Reuters.

## U.S. Cuts Growth Forecast

### '88 Projection Revised to 3.5%

The Associated Press

WASHINGTON — The Reagan administration on Thursday revised downwards its forecast for 1988 U.S. economic growth, but left unchanged its projection for 3.2 percent growth in gross national product this year.

The 1987 growth forecast is close to that projected by many private economists. GNP measures the total output of a nation's goods and services.

The administration said the economy would continue to expand through 1992 with 3.5 percent growth next year that would taper off to 3.1 percent by 1990. In January, the administration projected that GNP would grow 3.7 percent in 1988.

The administration said that inflation, as measured by the Consumer Price Index, would rise 4.8 percent this year — a full percentage point higher than the January projection.

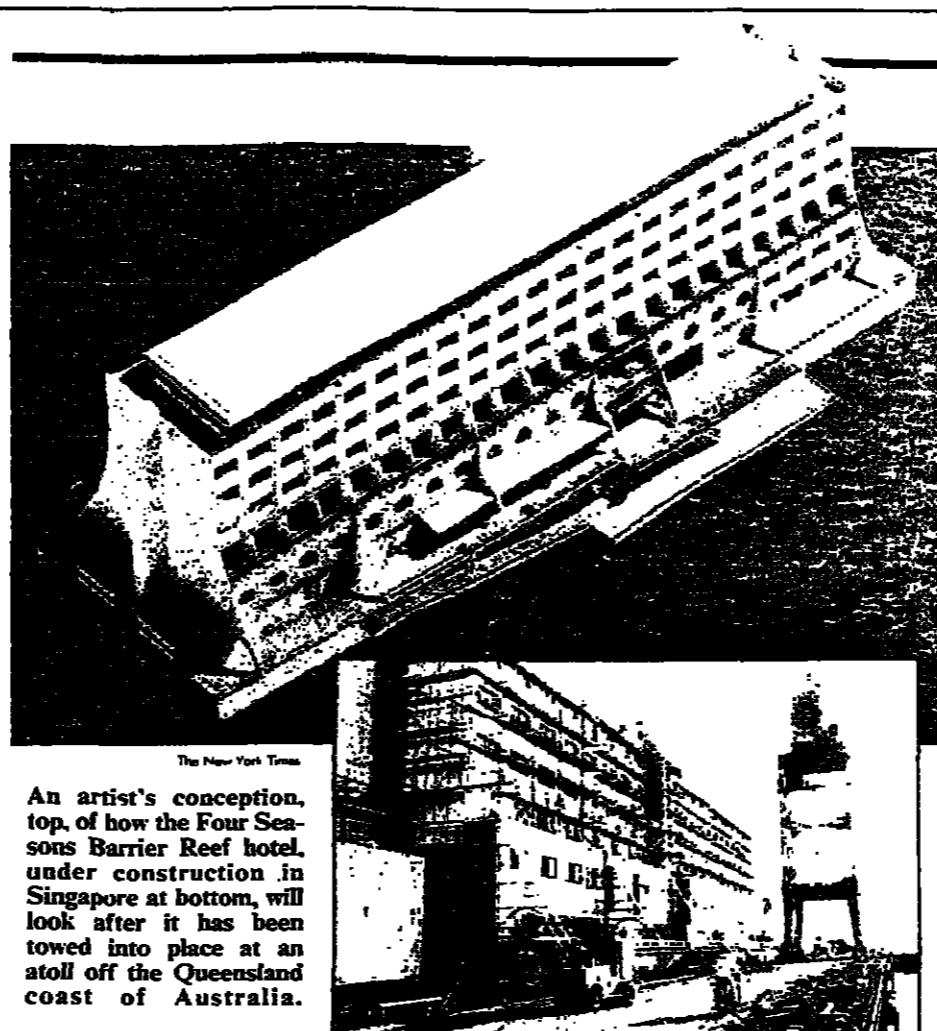
Still, the prediction is below the 5.4 percent annual rate at which the Consumer Price Index increased for the first six months of the year.

Beryl W. Sprinkel, chairman of the President's Council of Economic Advisors, said that the higher rate was not expected to persist. That rate has been attributed largely to rebounding oil prices and a weakening dollar, which has made imports more expensive.

The administration also raised its projection on interest rates. It said three-month Treasury bills would average 5.7 percent compared with 5.4 percent projected in the president's budget in January, while 10-year Treasury securities would average 8 percent, rather than 6.7 percent as earlier forecast.

#### ■ West German GNP

West Germany's inflation-adjusted gross national product grew 1 to 1.5 percent in the second quarter after a weak first quarter, the Associated Press reported from Bonn on Thursday, quoting the Economics Ministry.



## In Asia, a Hotel Prepares to Set Sail

By Barbara Crossette  
New York Times Service

SINGAPORE — The world's first floating luxury hotel — a 200-room building with disco, swimming pool, tennis courts, conference rooms, a marina and two restaurants — is nearing completion here at a Bethlehem Steel shipyard.

Construction of the seven-story building atop a 20-foot-deep (6.1-meter) "basement" barges containing generators, trash incinerators, cold stores, wine cellar and a desalination plant for drinking water, is only part of an unusual enterprise story.

When finished, probably in September or early October, the hotel will have to be floated and towed by a special ship 2,200 miles (3,560 kilometers) to its mooring, 40 miles off the coast of Australia. There, it will be anchored in the Great Barrier Reef, a scuba-diving and game-fishing paradise.

"That part is the hotel owner's problem," M. H. Leubecker, president and general manager of Bethlehem Singapore, said with a smile as he discussed the project in his office at the shipyard.

For Bethlehem Singapore — 70 percent controlled by Bethlehem Steel Corp. and 30 percent

owned by the government's Development Bank of Singapore — the construction of the floating resort complex, called the Four Seasons Barrier Reef hotel, grows out of the shipyard's main work: building oil rigs and floating dry docks. Bethlehem Singapore, founded in 1969, has built 25 rigs of its own design.

Mr. Leubecker said the \$21 million hotel contract came along at a time when the oil industry had slowed and the offshore rig business was in a slump. For Singapore, a small country looking for new ways to employ a well-educated work force, every "first" is important.

The project has not been without its problems, however, Mr. Leubecker said.

The hotel's owners, Great Barrier Holdings of Australia, had entered into a contract for the design and construction of the hotel with an Asian subsidiary of Consafe AB of Sweden, known for its construction of modular offshore accommodation units. But Consafe collapsed in 1985.

When Bethlehem Singapore began to construct the hotel less than a year ago, it had to work with

See HOTEL, Page 17

## France Caught in a Tiff Over Held Charter Flight

By Barry James  
International Herald Tribune

PARIS — A French government action that caused 189 charter passengers, many of them children, to be delayed at Brussels airport for nearly 30 hours this week triggered protests Thursday and threats of an antitrust suit.

The passengers were denied access to their flight to Guadeloupe and Martinique because France, citing a previously unknown regulation, said it would not grant landing rights to any charter of French origin carrying more than 20 percent French passengers.

More than three-quarters of the passengers aboard the flight were French.

During the long wait for takeoff at Brussels Zaventem airport, tempers frequently flared. One man arrested for hitting a policeman, was released by a judge just in time to catch the flight.

"What the French have done is ridiculous and illegal," said Robert Tabak, the director of Yes Travel in their own citizens."

Lawyers for International Air Services, a Belgian tour company that operated the flight, said it would bring antitrust action against France if the government continued to refuse landing rights in the French West Indies to IAS flights out of Brussels.

Jacques Boedels, a lawyer for IAS, said he would meet Friday with officials of the General Directorate of Civil Aviation in Paris to seek landing rights for an IAS aircraft to fly from Brussels to the French West Indies next Tuesday. That weekly flight is one of four more scheduled by the Belgian company.



## SKF's Pretax Earnings Rose 15.5% in First Half

By Juris Kaza

Special to the Herald Tribune

STOCKHOLM — SKF AB, the Swedish maker of tools and ball bearings, said Thursday that its first-half pretax earnings rose a better-than-expected 15.5 percent from a year earlier, to \$72 million kronor, or about \$12.54 million.

Adjusted for the divestment of SKF's steel operations last year, sales were up 9 percent, to 9.9 billion kronor, from 9.1 billion kronor.

### Procordia Shares Stir Strong Interest

Reuters

STOCKHOLM — Procordia AB's public offering, the largest in the history of the Stockholm bourse, is expected to be heavily oversubscribed when the application period begins on Friday.

Dealers said Thursday that the 7 million share issue, which is valued at 1 billion kronor (\$133 million), had attracted considerable interest despite strong criticism of the terms of the offer. Four institutional investors and Procordia employees have been allotted a total 40 percent of the shares.

Many analysts say that the shares, priced at 150 kronor apiece, are a bargain, but the general public will only be able to subscribe to 1.7 million shares.

## Alcatel Plans Selloff, ITT Chief Says

Reuters

NEW YORK — ITT Corp.'s chairman and chief executive, Rand V. Araskog, said Thursday that Alcatel NV, its joint venture with Compagnie Générale d'Électricité de France, was planning a series of dispositions and acquisitions over the coming months.

Mr. Araskog declined to be specific about the plans, saying only that the acquisitions would not be major. ITT owns 37 percent of the venture.

ITT and CGE established the venture, the world's second-largest telecommunications company behind American Telephone & Telegraph, at the end of last year. CGE holds 55.6 percent of Alcatel, with the remaining share split among a number of companies.

Alcatel's revenue is expected to be about \$12 billion a year.

Mr. Araskog said told securities

### Debt Plan's End Exposes Dome To Creditors

Reuters

TORONTO — Dome Petroleum Ltd. said that an interim repayment plan for its 6.2 billion Canadian dollar (\$4.7 billion) debt has been terminated because its lenders could not agree on an extension.

The company, whose acquisition by Amoco Corp. for \$3.8 billion is awaiting creditors' approval, said it would continue making payments to creditors as if the plan were still in effect. But, a Dome spokesman said Wednesday, "We're in a slightly more precarious position.... Any lender can now take individual action against the company to claim their loans."

In May 1986, Dome's 56 creditors agreed to accept reduced payments on debts until a comprehensive debt restructuring could be developed. The creditors signed waivers promising not to call their loans.

The interim plan expired June 30; Dome was seeking an extension to Aug. 31. With the plan's collapse, Dome loses the protection of the waivers.

## U.S. Lawmakers Seeking Tighter Canadian Trade

Compiled by Our Staff From Dispatches

WASHINGTON — Congressmen from 18 states said Thursday that the United States, in negotiating a free-trade agreement with Canada, should seek to stiffen the 1965 accord governing automotive trade.

Trade in autos and auto parts, including trucks and buses, constitutes about one-third of total U.S.-Canada trade, or about \$45 billion last year.

The House members also called for an end to Canada's duty remissions program. Canada remits import duties on car parts assembled in Canada to encourage exports of automotive products.

In addition, the congressional proposed elimination of Canadian tariffs on telecommunications equipment, and a standardized rule of origin for duty-free trade between the two nations.

Negotiators have been working for 15 months on an accord to liberalize trade between the United States and Canada, America's largest trading partner. Bilateral trade totaled \$126 billion last year.

Representative Howard E. Wolpe, Democrat of Michigan, said that "an effective rule of origin would ensure that Canada does not become a Trojan horse for third-country products coming into the United States."

in the first half of 1986, SKF said.

In the second quarter alone, earnings totaled 441 million kronor, up from 380 million kronor in the first quarter and 361 million kronor in the second quarter of 1986, it said.

Despite the higher earnings and sales, SKF forecast in its interim report that earnings for all of 1987 would be unchanged from 1986, "with a somewhat lower sales level."

Some analysts said they were concerned by SKF's pessimistic signal.

"Our own forecast was for 780 million or 790 million kronor," so the first-half figure is "quite good," said Nigel Yandell, an analyst with Enskilda Securities, the London affiliate of Skandinaviska Enskilda Banken. "But if they are looking for declining sales in terms of Swedish kronor, that's not particularly encouraging."

With continental currencies strengthening against the Swedish krona, "you would have thought they would improve their position in Germany," Mr. Yandell remarked. He pointed out that the only clear improvement the company reported in that market was in sales to the West German auto industry.

"There are quite a lot of hints that there will be a weak second half," he said. "Our forecast was for an increase to 1.6 billion kronor pretax, but now that may be a little high."

The move virtually ensures that GM will report an operating loss in the third quarter.

## British Companies Rapidly Widen Their U.S. Beachhead

By Warren Gerler  
*International Herald Tribune*

LONDON — If Paul Revere were alive these days, he'd be hard pressed to cope with the latest British assault on America: In the last five days alone, U.K. raiders have launched takeover bids totaling \$3.7 billion for U.S. companies, nearly as much as the \$5 billion spent for all of 1985.

The bids include a \$1.24 billion bid by Blue Arrow PLC for Manpower Inc., the world's largest part-time help agency; a \$1.6 billion bid by Hanson Trust PLC for Kidde Inc., maker of Jacuzzi whirlpool baths; and an \$820 million offer for First Jersey National Corp., New Jersey's fourth-largest bank, by the U.S. arm of Royal Westminster Bank PLC.

Indeed, so far this year, British companies have offered more than \$18 billion for U.S. companies compared with \$13 billion for all of last year, according to Bob Cowell, head of U.K. equity research at the London brokerage Hoare Govett Ltd.

Most of this year's bids have proved successful or are still outstanding, with the

notable exception of Robert Maxwell's aborted \$2 billion hostile offer for Harcourt Brace Jovanovich Inc.

To be sure, British companies have been pounding the U.S. acquisition trail for decades. British firms, in part due to language, legal and accounting similarities, have long topped the list of overseas investors in the United States, holding \$51.4 billion in direct investments at the end of 1986 against \$23.4 billion for the Japanese.

But British companies have had to run a gauntlet of takeover defenses, often in the form of U.S. litigation from shareholders and directors. Moreover, not all U.K.-launched takeovers have been a resounding financial success. The most recent case in point was Midland Bank PLC's disastrous last year of its California-based subsidiary, Crocker National Corp., the struggling retail bank it had acquired in 1981.

Still, over the past two years the pace of acquisitions by British firms has become furious and the prey ever larger.

The biggest transatlantic purchase came earlier this year, with British Petroleum

PLC's \$7.6 billion acquisition of the stake in its Standard Oil Co. subsidiary that it did not already own. Before that, Unilever PLC's \$3.1 billion acquisition of Chesebrough-Pond's Inc. late last year had been the biggest.

Many British manufacturers, forced to streamline operations to survive a severe shakeout in 1980-81, have come to enjoy a steady stream of profits and have amassed large cash hoards.

That cash flow, bolstered by large credit facilities extended by London's much rooming financial sector, is being funneled into the United States, where markets are bigger and more easily penetrated.

U.S. investment banks, which have upgraded their presence in London following last year's market deregulation, are increasingly influential in determining where such cash flow will be funneled in the United States.

As a recent editorial in *The Independent*, the British daily, suggested: "The message reiterated by the top management at companies like ICI PLC, GEC PLC, and

Hanson Trust PLC is that the United States remains the largest, most fluid and most accessible of world markets. The relative paucity of intra-European deals underlines how far we have to go before we create a genuine European market."

A second major factor behind the new British wave has been the U.S. dollar's sharp depreciation in 1985-86.

Now that the pound appears a bit shaky against the dollar, companies may seek to snatch up U.S. assets while they remain cheap. As the dollar strengthens, the larger will be the profit contribution from the U.S. subsidiary, when those earnings are repatriated into pounds, the thinking goes.

A third prod to the British buying spree in the United States has been London's long-running bull market. A steady surge in share prices on the London Stock Exchange over the past three years has enabled numerous companies, including small to mid-size firms, to raise large amounts of fresh capital as fodder for a takeover bid — often for U.S. companies triple their size.



Lord Hanson, the chairman of Hanson Trust PLC, whose \$1.6 billion offer for Kidde Inc. is one of the latest brace of British takeovers for American companies.

## GM Reverses Policy, Renews Incentives to Cut Inventories

By John Holusha  
*New York Times Service*

DETROIT — General Motors Corp., which had vowed to resin any more sales-incentive campaigns, has announced its biggest incentives yet to cut inventories, with interest rates on car loans as low as 1.9 percent and rebates of up to \$1,000.

GM said Wednesday that it was offering the incentives, which apply to most models through Sept. 30, to move nearly 1 million 1987 cars off dealers' lots and to prepare for 1988 models.

The move virtually ensures that GM will report an operating loss in the third quarter,

analysts said, and may leave the company vulnerable to a strike by the United Auto Workers union from Sept. 14, when the current contract expires.

"They have a 78-day supply of cars now," said Jack V. Kirman, an analyst with Kidder Peabody & Co., "and the incentives could take them down to about 36 days by the middle of September. They could be awfully short of cars if there is a strike." Industry officials consider a 60-day supply of cars the most desirable.

GM's stock closed down 87.5 cents at \$87.875 in Thursday trading on the New York Stock Exchange.

Chrysler Corp., offering loan rates as low as 3.7 percent or cash rebates, said it would study GM's plan. Ford Motor Co., with 3.9 percent rates, declined to comment.

This is the third consecutive year that GM has mounted a big campaign to reduce inventories.

However, when last year's campaign, with 2.9 percent car loans, helped produce a third-quarter operating loss of \$33.8 million, GM said it would forgo the costly inducements.

Under pressure from its shareholders, the company pledged to stop seeking a specific market share and to bolster earnings.

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## Unisys President Resigns

Reuters

BLUE BELL, Pennsylvania — Unisys Corp. said Thursday that its board had accepted the resignation of Paul G. Stern as president and a director effective Dec. 31. It did not say why he had resigned, and no successor was named.

The computer company's directors also approved the realignment of duties of some senior executives and the formation of a management board reporting to the chairman, W. Michael Blumenthal.

Analysts said the moves marked the final step in Mr. Blumenthal's assertion of control over the company created last year through the merger of Burroughs Corp. and Sperry Corp. Mr. Blumenthal, a former U.S. Treasury secretary, was chairman at Burroughs.

Barry Tarasoff, an analyst at Wertheim & Co., said of Thursday's move, "This was a consolidation by Blumenthal."

One is James Urihi, the executive vice president, who was given responsibility for Unisys' finances and international operations. He had been in charge of corporate staff and planning.

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BY ORDER OF THE BOARD OF DIRECTORS

FIDELITY DISCOVERY FUND  
Société d'Investissement à Capital Variable  
13, Boulevard de la Foire, Luxembourg  
R.C. Luxembourg B 22250

Notice of Annual General Meeting

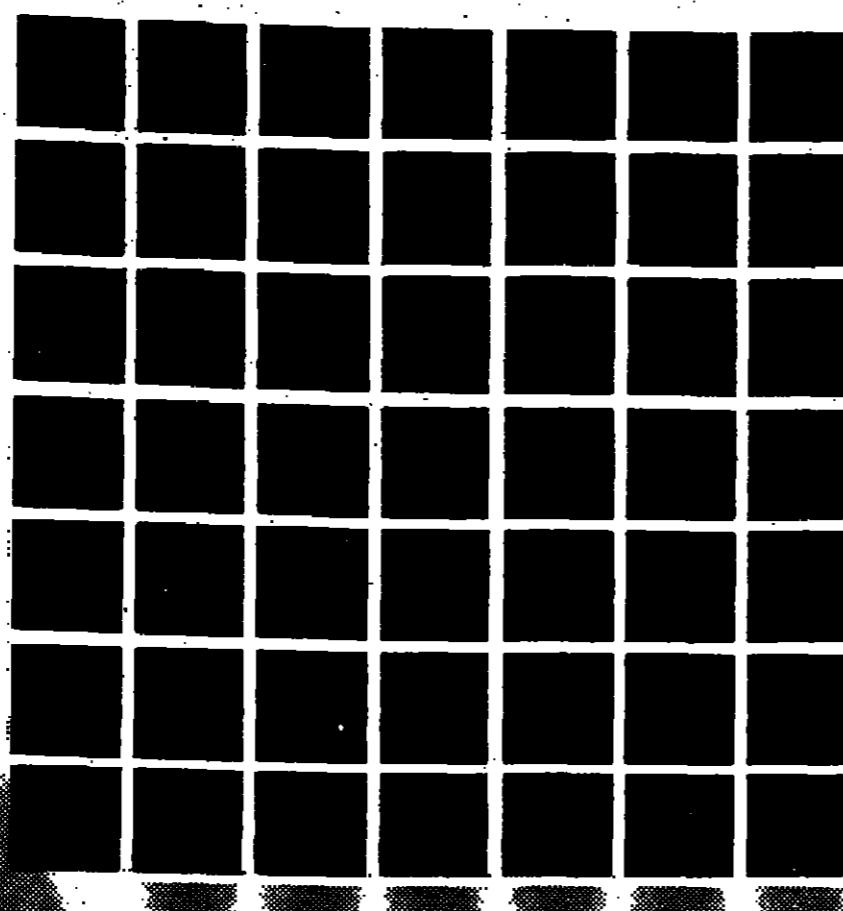
Notice is hereby given that the Annual General Meeting of the Shareholders of FIDELITY DISCOVERY FUND, a société d'investissement à capital variable organized under the laws of the Grand Duchy of Luxembourg (the "Fund"), will be held at the principal and registered office of the Fund, 13, Boulevard de la Foire, Luxembourg, at 11:00 a.m. on August 27, 1987, specifically, without limitation, for the following purposes:

- 1. Presentation of the Report of the Board of Directors.
- 2. Presentation of the Report of the Statutory Auditor.
- 3. Approval of the balance sheet at April 30, 1987, and income statement for the fiscal year ended April 30, 1987.
- 4. Discharge of Board of Directors and the Statutory Auditor.
- 5. Ratification of the co-option of Compagnie Fiducinaire as a Director of the Fund.
- 6. Election of seven (7) Directors, specifically the re-election of all present Directors, Messrs. Edward C. Johnson Sr., William L. Byrnes, Charles A. Fraser, Hisashi Kubota, John M.S. Paton, H.F. van den Hoven and Compagnie Fiducinaire.
- 7. Election of the Statutory Auditor, specifically, the election of Coopers & Lybrand.
- 8. Declaration of a cash dividend to the Shareholders, and authorization of the Board of Directors to declare further dividends in respect of fiscal year 1987 if necessary to enable the Fund to qualify for "distributor" status under United Kingdom tax law.
- 9. Consideration of such other business as may properly come before the meeting.

Approval of the above items of the Agenda will require the affirmative vote of a majority of the shares present or represented at the Meeting, with no minimum number of shares required to be present or represented at the Meeting in order to establish a quorum. Subject to the limitations imposed by law and the Articles of Incorporation of the Fund, each share is entitled to one vote. A shareholder may act at any meeting by proxy.

Dated: July 27, 1987





Ideas bring growth  
to finance.

## The birth of Ferruzzi Agricola Finanziaria.

In October 1985 Gruppo Ferruzzi set out its plans to create one of the biggest agro-industrial groups in the world, to extend its activities into new sectors and to expand into new continents. In less than two years Gruppo Ferruzzi has become the largest agro-industrial group in Europe and the third largest in the world. Furthermore it is the second private-sector industrial conglomerate in Italy with an aggregate turnover of over 18 billion dollars. The Group's idea to use agricultural products for industrial and energy uses, and its related programme for environmental protection is a focal point of international debate. The driving force behind this extraordinary expansion has been Agricola Finanziaria, the Group's holding company. Its success on the financial market has allowed it to make large-scale investments such as the acquisition of CPC Europe, leader in the starch sector, the acquisition of a controlling interest in Montedison and Béghin-Say, and the restructuring of the sugar sector which makes the Group Europe's leading sugar producer. The market capitalization of the Agricola Finanziaria group amounts to about 20 billion dollars.

And now it is time for it to grow even more. Agricola Finanziaria is increasingly identified with Gruppo Ferruzzi and so Ferruzzi Agricola Finanziaria has been born.

All the activities of the Group will converge in the new holding company so that in due course Ferruzzi Agricola Finanziaria and Gruppo Ferruzzi will form a single entity. Its theatre of operations is increasingly worldwide.

Ferruzzi Agricola Finanziaria will span five continents.

Its widely diversified activities follow a single vertical structure from agriculture to services, from trading to agro-industry, from chemicals to the advanced services sector and finally to numerous industrial and financial shareholdings. Ferruzzi Agricola Finanziaria will be quoted on all the main European Stock Exchanges including London and Paris. This will lead to a broad national and international shareholder base in line with the Group's importance. The cycle is in constant movement: two years ago ideas brought growth to finance. Today

Finance is bringing growth to ideas.



**Ferruzzi**  
**Agricola Finanziaria**









Record \$3 Million Paid  
For Paperback Rights

The paperback rights to *Soul Train: Presumed Innocent*, a novel about a murder and a public prosecutor in a large Middle Western city, were sold for \$3 million to Warner Books, the largest consumer paid for reprint rights to a first novel. Sydney Pollack bought the motion picture rights for \$1 million. Author, a 38-year-old Chicago lawyer, spent 18 years writing *Presumed Innocent*, signing with Farber, Straus and Gorovitz for \$300,000—the most that he's ever paid for a first novel.

□

John Huston spent his 81st birthday Tuesday in the intensive-care unit of a Fall River, Massachusetts, hospital, as cameras continued to roll in nearby Newport. *Rocky Road*, for "Mr. North," a film produced and co-written by Huston and directed by his 25-year-old son, Denis. Huston was to have played a small role in the film and although he has now been replaced in the cast by Robert Mitchum, he continues to concern himself with many details of the filming from his hospital bed, according to his son. Huston was admitted to the hospital on July 23 following two days of pneumonia.

□

HARRY S TRUMAN left behind a hefty manuscript that promises to become a provocative best seller when it is published next year. A spokesman for Little, Brown and the late president's daughter, Margaret Truman Daniel, is putting an amazing 2,000-page manuscript into shape. The stamp of Truman damaged by a bomb that exploded off its marble pedestal in April 16 months ago, was re-enacted at dawn Thursday.

□

ELEANOR MERRICK, the wife of the millionaire Broadway producer David Merrick, was awarded \$575,000 after telling a New York judge her busy husband was using her money to meet his social expenses. Mrs. Merrick, 52, said the problem arose because her 76-year-old husband "is one of the great eccentricities of the Western world. He's in London now working on two projects, a musical and a French comedy farce. I'm not going to take the money now, but we should run into a problem him taking."

□

He's a shepherd of traditional jazz, his popularity lending considerable weight to his radio program: "The Jazz Show With David Sanborn," begun in January 1986 and produced by NBC radio. The two-hour weekly segments taped in New York, are aired by more than 140 stations. "It's important," said Sanborn, who grew up in clubs where some of today's standouts got their start, "that the tradition of jazz and what it stands for be maintained in some way."

□

## David Sanborn: Back on Track

## OBSERVER

## Land of the Mouthpiece

By Russell Baker

**N**EW YORK — There is a body on the floor. A policeman finds you standing over it, smoking gun in hand. You need a lawyer. Fortunately, you have plenty to choose from because you have been watching the Iran-contra hearings for weeks.

Which one to retain? Lawyers are retained, not hired, so it's wrong to call them "hired guns." The term is "retained guns.")

Do you phone Arthur Liman, chief lawyer for the Senate's half of the committee? No sir. Liman has a pronounced New York accent. You don't want a jury saying, "Anybody who associates with people that have New York accents has to be guilty of something."

So what about the House's counsel, John Nields? It depends. Was the cop who saw you, smoking gun in hand, wearing ribbons for police heroism and sharpshooting? Did he have long eyelashes and a boyish grin andgulp a lot, the way honest upright Gary Cooper gulped in the old movies?

What? You didn't notice? Well if he did, pal, you don't want Nields, because Nields is going to ask him questions like this:

"Did you examine the smoking gun to see if it had been fired?"

If he is a Gary Cooper type of cop with ribbons and has to admit he didn't check for fired bullets, the jury is going to hate Nields for embarrassing a guinea. Then the only way to beat the gas chamber, or whatever they have in your locale, is to get caught bribing the jury so the judge will declare a mistrial, for which you can get another lawyer.

Naturally you think of Orrin Hatch, not just a senator from Utah but also often gossiped about as Supreme Court timber. But you don't retain Hatch, do you? You've studied Hatch too closely on TV. You know his bad news.

In your first meeting he will ask two questions: "Are you a Republican?" and "Are you totally and absolutely devoted to President Reagan?" If the answer to either question is no, Hatch won't take your case. If the answer to both questions is yes, when the trial starts Hatch will order the judge to sit up straight, then he'll pronounce you innocent, declare it a waste of

time and money trying the case and walk out in a huff.

You waste no time on Brendan Sullivan and Richard Becker, who sat with North and Poindexter. Sullivan would turn the judge into a hangman by reciting him on the Constitution, and you'd have to keep Becker nailed to the courtroom floor to stop him from trying to duke out the district attorney.

So how about Edwin Meese? Everybody calls him "Ed." That's one reason to think twice before saying, "Get me Meese." What do we know about the Eds of the world? That they are friends of all mankind. People do not become friends of all mankind by getting upset and creating commotions that give everybody a headache.

You save Ed, Friend of All Mankind, on the telly. He didn't see much to get excited about, did he, in a couple of military fellows there at the White House taking over from top military brass and main diplomats? Imagine him at your trial confronted with smoking-gun testimony. "We can all agree, ladies and gentlemen of the jury, that a smoking gun can be infuriating to persons allergic to smoke, but even when it occurs in a No Smoking area, it is at worst only a minor crime."

□

Warren Rudman, possibly? Another senator, Republican, Boston College Law, 1960. For six years he was attorney general of New Hampshire; to wit, a prosecutor. Despite his Republicanism, he frequently demolished the administration's defense.

You can see Rudman urging you to take the stand in your own defense, then subjecting you to such a brutal examination that you break down and confess to things nobody ever suspected, including harboring profound contempt for the clothing styles worn by seven members of the jury.

Who says we have a government of laws? This is a government of lawyers. Well, all right, of lawyers and marines. And one actor.

Worried about that smoking gun, your mind naturally turns to the actor. With a jury trial, maybe cameras in court. . . . You lift the phone.

"Get me the actor."

New York Times Service

By James McBride

*Washington Post Service*

**N**EW YORK — It was five years ago, and alto saxophonist David Sanborn was facing one of the most important choices in his life. He had been around the world. He had played in blues dives from San Francisco to Houston, and major concert venues from Montreal to London. He had played on hundreds of recording sessions, traded licks with Paul Butterfield, funded with Stevie Wonder, rocked with Bruce Springsteen, toured with the Rolling Stones, made friends in Rickie Lee Jones, and James Brown. He had been with them all. Him and the horn. Especially the horn, because sometimes he was so high he wasn't there and the horn seemed to play itself.

All his life, the horn had been a way out for him. Polio at age 3 confined him to an iron lung, for a year after that he was paralyzed from the neck down, and today he has a barely noticeable bit of atrophy in his left arm and right leg. But when he was 10 he heard Ray Charles on the radio with an alto sax man named Hank Crawford and he was knocked out. Young David Sanborn picked up an alto saxophone and wandered into the no-man's-land of rhythm and blues joints in his hometown of St. Louis, Missouri. He played with people whose music made them feel free, blacks who poured their passion and soul into the music, and he, too, learned to pour passion and soul into his horn.

In the years that followed he also learned to pour "four to five" bottles of wine down his throat a day, and various drugs. Five years ago it caught up with him, and for the first time in his life his horn couldn't help him. He asked himself, "Do I want to get high, do I want to be a musician?" He decided on the latter, and quit drugs, alcohol, even caffeine. And while he was at it he quite being a sideman, too.

Which is why Sanborn is sitting in his tiny Upper West Side apartment munching a carrot, five years and three Grammy Awards later, detoxed and healthy, host of a nationally syndicated U.S. jazz radio program, frequent guest with David Letterman's "Late Night" band, and in the middle of a tour as the country's top jazz-fusion saxophonist with a new album, "A Change of Heart."

"Some say I'm too pop, too mass appeal," Sanborn said. "Others look on me as not mass appeal enough. But I play music on my records that I like. The concept I play in might not be particularly adventurous to some people, but I feel good about what I do. I enjoy playing what I gotta play. I have to be true to myself."

Sanborn laughingly refers to his apartment as "my dressing room." It's crammed with saxophones, books, a waist-high juice-maker packed into a metal case on wheels that he takes on the road, and a Yamaha grand piano with a music book opened to a jazz version of "My Favorite Things." His Grammy awards are lined rather uncaringly on the windowsill, under the air conditioner blasting overtime, right next to the small dining room table that seats only two. Sanborn, 41, divorced, lives alone. His son Jonathan, 21, is a bassist attending the Berklee College of Music in Boston.

"It's funny," he said, sitting at his table with carrot in hand. "People come up to me



Nancy Kaye for The Washington Post

Alto saxophonist Sanborn: "I feel good about what I do."

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